

**BYRON CENTER
PUBLIC SCHOOLS
Kent County, Michigan**

Comprehensive Annual Financial Report

For the year ended June 30, 2005

BYRON CENTER PUBLIC SCHOOLS
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For the year ended June 30, 2005

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FINANCIAL SECTION

Hungerford, Aldrin,
Nichols & Carter, P.C.
CPAs AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

August 19, 2005

The Board of Education
Byron Center Public Schools

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Byron Center Public Schools (the "District") as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's elected officials and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the major fund and the aggregate remaining fund information of Byron Center Public Schools as of June 30, 2005, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2005 on our consideration of Byron Center Public Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Byron Center Public Schools. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hungerford, Alden, Nichols & Carter, P.C.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Byron Center Public Schools ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements and Supplemental Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Assets and the Statement of Activities, are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - ♦ *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
 - ♦ *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Basic Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data. Supplemental Information follows and includes combining and individual fund statements.

District-wide Statements

The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net assets, and how they have changed. Net assets - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax-base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are presented as follows:

- *Governmental activities:* The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

Condensed District-Wide Financial Information

The Statement of Net Assets provides financial information on the District as a whole.

| | <u>2005</u> | <u>2004</u> |
|---|----------------------------|----------------------------|
| Assets | | |
| Current assets | \$ 13,464,052 | \$ 25,985,853 |
| Net capital assets | <u>84,400,627</u> | <u>72,999,819</u> |
| Total Assets | <u>97,864,679</u> | <u>98,985,672</u> |
| Liabilities | | |
| Current liabilities | 6,793,759 | 6,198,288 |
| Long-term liabilities | <u>85,037,803</u> | <u>85,936,923</u> |
| Total Liabilities | <u>91,831,562</u> | <u>92,135,211</u> |
| Net Assets | | |
| Invested in capital assets, net of related debt | 2,055,847 | 2,428,065 |
| Restricted | (328,616) | 324,344 |
| Unrestricted | <u>4,305,886</u> | <u>5,142,699</u> |
| Total Net Assets | <u>\$ 6,033,117</u> | <u>\$ 6,850,461</u> |

The results of the fiscal year's operations for the District as a whole are presented in the Statement of Activities, which shows the change in total net assets for the year.

The Statement of Activities presents changes in net assets from operating results:

| | 2005 | 2004 |
|---------------------------------------|---------------------|---------------------|
| Program Revenues | | |
| Charges for services | \$ 2,302,041 | \$ 2,093,872 |
| Operating grants | 2,800,003 | 2,211,050 |
| General Revenues | | |
| Property taxes | 10,125,763 | 9,318,225 |
| State school aid, unrestricted | 17,453,681 | 16,754,416 |
| Interest earnings | 22,766 | 377,826 |
| Loss on sale of capital assets | (8,474) | — |
| Other | 153,781 | 124,255 |
| Total Revenues | 32,849,561 | 30,879,644 |
| Expenses | | |
| Instruction | 16,221,713 | 15,611,285 |
| Supporting services | 10,080,913 | 8,826,778 |
| Community services | 1,382,167 | 1,400,751 |
| Food service | 1,035,696 | 907,962 |
| Athletics | 696,260 | 686,379 |
| Other | 3,175 | — |
| Interest on long-term debt | 4,246,980 | 4,403,543 |
| Total Expenses | 33,666,904 | 31,836,698 |
| Decrease in net assets | (817,343) | (957,054) |
| Net Assets - Beginning of Year | 6,850,460 | 7,807,514 |
| Net Assets - End of Year | \$ 6,033,117 | \$ 6,850,460 |

Financial Analysis of the District as a Whole

The District's financial position is the product of many factors. Growth during the year in local tax revenue, an increase in the refund from the Universal Service Fund, local fees and a state aid increase due to the District's student growth. This growth in state funding was possible even though the State of Michigan has not increased the foundation grant per student in three years.

The District's total revenues increased by \$1.97 million to \$32.85 million. Property taxes and unrestricted state aid accounted for most of the District's revenue, contributing about 84 cents of every dollar raised. Another 8.5 percent came from state and federal aid for specific programs and the remaining 7.5 percent from fees charged for services, interest earnings and other local sources. This represents a change in funding patterns as the trend changes to restricting the dollars we receive for specific goals that are determined by the state and federal government.

The total cost of all programs and services rose \$1.83 million to \$33.7 million. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (53 percent). The District's administrative and business activities accounted for 7.25 percent, operation & maintenance, technology and other business services accounted for 11 percent and the community pool and BCTV 1.9 percent of the total costs. Interest on long-term debt accounted for 12.61 percent of total District expenses.

The most significant contributor to the higher costs was in the area of instructional staff. With an increase in the fall of 2004 of 138 students, the District needed to hire additional instructional staff. The increase in instructional staff salary rose \$845,759 or 10.6 percent from the previous year while the District's total salary rose a total of \$842,406 or 6.3 percent of the total salary from the 2003-04 fiscal year. This is an actual decrease in non-classroom salaries that would help District's administration and Board of Education carry out its commitment to student achievement since 100.4 percent of the increase in salary was for instructional purposes which enabled the District to reduce class size.

Total expenses surpassed revenues, decreasing net assets by \$817,343 from last year.

The recent good health of the District's finances can be credited to innovative management changes and:

- The continued growth in the homestead and non-homestead properties within the District boundaries.
- For the fifth year in a row the District's student F.T.E. (full time equivalent) has grown.

| September | Student FTE | Percentage |
|-----------|-------------|------------|
| 2000 | 118 | 4.9% |
| 2001 | 126 | 5.0% |
| 2002 | 154 | 5.8% |
| 2003 | 92 | 3.4% |
| 2004 | 138 | 4.8% |

- Rising real estate values led to a 8.7 percent increase in property tax revenues, despite the fact that tax rates remained unchanged. The increase in property tax revenues is beneficial for the District for cash flow of the General Fund and for the payment of debt service.
- The cost of all governmental activities this year was \$33.67 million.
- The federal and state governments subsidized certain programs with grants and contributions in the amount of \$2.8 million.
- Most of the District's costs (\$27.7 million), however, were financed by the District and State taxpayers.
- This portion of governmental activities was financed with \$10.13 million in property taxes, \$17.45 million of unrestricted state aid based on the statewide education aid formula, investment earnings, and other local sources.
- Voters have approved millages according to State of Michigan law for debt service and building and site for the construction of buildings and additions. The construction has been done with no increase in the millage rate to the taxpayers and without the use of General Fund monies to ensure the classroom and educational facilities are available to meet the needs of the students of Byron Center.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

The District utilizes two kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as Scholarship Funds and Student Activities Funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District's Funds

The District uses funds to record and analyze financial information. Byron Center Public School's funds are described as follows:

Major Funds

General Fund

The General Fund is the District's primary operating fund. The General Fund had total revenues of \$25,211,230, other financing sources of \$265,180, total expenditures of \$25,821,662 and total other financing uses of \$434,326. It ended the fiscal year with a fund balance of \$4,025,893 down from \$4,805,471 at June 30, 2004. The decrease was primarily due to increased instructional staff needed for the 138 additional students that enrolled in September of 2004, the opening of a new elementary and middle school; the adoption of the Read 180 program for 7th – 12th grade students to improve reading comprehension, 6 plus 1 writing traits, and an ELL program for elementary students.

2001 Construction Fund

The District's ongoing \$47 million improvement project is funded by bonds issued in November, 2001 and accounted for in the 2001 Construction Fund. Premiums on matured investments totaled \$64,752 and ongoing construction/equipment expenditures totaled \$11,275,492, leaving a remaining fund balance at June 30, 2005 of \$5,324,075 with which to complete the projects over the next fiscal year.

Nonmajor Funds

Special Revenue Funds

The District operates four Special Revenue Funds, for the food service, athletics programs, VanSingel Fine Arts Center and community service programs. Total revenue of all Special Revenue Funds was \$2,110,290 with total expenditures of \$2,509,402 and total other financing sources of \$431,151. The ending fund balances were \$208,167. Of the ending fund balances, \$149,688 is attributable to the VanSingel Fine Arts Center Fund.

Debt Service Funds

The District operates five Debt Service Funds. Total revenues were \$4,958,063, and other financing sources (including refunding bonds issued of \$5,370,000 and state school bond loan proceeds of \$1,414,500) were \$6,898,890. Total expenditures were \$6,358,096, and other financing uses were \$5,515,544 (payments to the bond refunding escrow agent). The ending fund balances in the Debt Service Funds totaled \$288,289.

Capital Projects Funds

There are two nonmajor Capital Projects Funds incorporated into the financial statements of the District, the 1997 Construction Fund and the Building and Site (Sinking) Fund. Interest earnings of the construction fund were \$26 and expenditures were \$9,097. The ending fund balance was zero. Building and Site Fund revenues totaled \$747,256 (including \$694,087 of property taxes collected) and expenditures totaled \$1,364,210. The ending fund deficit was \$20,379. The deficit was incurred by the District because it was in the process of completing a \$2,566,000 renovation and construction project to its sports complex. In July 2005 the District sought bids and financed the balance of the project with a Tax Anticipation Note which will be paid from by future tax collection; this action will alleviate the deficit in the 2005-06 fiscal year.

Fiduciary Funds

The Student Activities Fund and the Scholarship Funds are operated as Fiduciary Funds of the District. The assets of these funds are being held for the benefit of the District's students. Balances on hand at June 30, 2005 totaled \$198,544. The Student Activities Fund's portion was \$185,699 and the Scholarship Fund's was \$12,845.

General Fund Budgetary Highlights

Over the course of the year, District revised the annual operating budget one time. The budget amendment was a result of the following:

- Changes made in June were for increases in the student enrollment that determined the amount of foundation grant or state school aid was to be received, changes in other revenue sources, appropriations to prevent budget overruns and final expenditures as were necessary for actual activity that occurred during the fiscal year.
- However, \$47,476 of this has been designated for projects that were in process at the end of the fiscal year that were included in the 2004-05 budget and \$36,072 was been designated for BCTV.
- Actual revenues were \$1,886 higher than expected, due largely to local tax revenue that was uncollected, State and federal grants that were not expended and therefore could not be requested.
- Actual expenditures were \$396,430 below budget, due primarily to \$47,476 of projects that were in process, grant monies deferred to 2005-06 because they were not spent in the amount of \$67,013 and budgets of 1.0% that were not spent.

Capital Asset and Debt Administration**Capital Assets**

By the end of 2004, the District had invested \$101.7 million in a broad range of capital assets, including land, school buildings, athletic facilities, vehicles, computer equipment and software, and administrative offices. This amount represents a net increase of \$12.6 million or 14 percent from last year. (More detailed information about capital assets can be found in Note E in the Notes to Basic Financial Statements.) Total depreciation expense for the year was \$1.46 million.

The District's 2005-06 capital budget spending for completed projects and those in process totaled \$7.5 million, principally in three areas:

- \$1.3 million for the athletic complex
- \$5.9 million for the intermediate school
- \$240,000 for the central services building

The intermediate school was completed in August and opened for the 2005-06 school year. The central services building will open in the summer of 2006 to house the District's administrative offices, technology, maintenance and operations, food service and other services to be determined.

At June 30, 2005, the District's investment in capital assets (net of accumulated depreciation), increasing approximately \$11.4 million over the previous year-end, is detailed as follows:

| | |
|--------------------------------|-----------------------------|
| Land | \$ 3,747,798 |
| Land improvements | 6,391,652 |
| Buildings and additions | 62,101,598 |
| Furniture and equipment | 3,686,585 |
| Vehicles | 804,503 |
| Equipment under capital leases | 154,254 |
| Construction in progress | <u>7,514,237</u> |
| Net Capital Assets | <u>\$ 84,400,627</u> |

Long-Term Debt

At year end, the District had total long-term debt of \$88.03 million of which the largest portion is \$77.54 million in general obligation bonds.

- The District continued to pay down its debt, retiring \$7.49 million of outstanding bonds, loans and leases, including the refunding of a substantial portion of the 1995 and 1997 bond issues, saving District taxpayers future interest costs..
- The District continued its payments for the capital lease purchase of copiers with a remaining balance of \$30,924 at June 30, 2005. The lease is being paid for in 36 installments with a final payment on October 21, 2005. During the 2004-05 fiscal year the District purchased five buses by using the installment purchase agreement process. The District borrowed a total of \$265,175 to be paid over the next five years with the final payment due on July 30, 2009.

- The District has obtained a total of \$9.997 million from the Michigan School Bond Loan Fund for payment of annual maturities of its general obligation bonds as of June 30, 2005. The District borrowed \$1,414,500 during the fiscal year to meet bond obligations which is included in the total borrowed. The District is not required to make payments to the Michigan School Bond fund until the taxable value of the District increases to a point where it is able to make the debt payments and has funds available. The law requires that with our current debt structure the loan be paid back no later than five years before the retirement of the 2001 bond issue.
- The District's other long term obligation is for accumulated sick and vacation leave in the amount of \$90,500.

The District's bond rating for General Obligation, Unlimited Tax debt remains "A2" from Moody's Investors Service and "A+" from Standard & Poor's. The District's rating for General Obligation, Limited Tax debt remains "Aaa". The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within a district's boundaries. We present more detailed information about our long-term liabilities in the Notes to Basic Financial Statements.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of six existing circumstances that could significantly affect its financial health in the future:

- The District is plaintiff with other urban school districts in a lawsuit against the State, seeking to rectify inequities in the formula the State uses to apportion special education aid to school districts.
- The District's growth in student count has helped the District in the last five years to increase programs and staff. However, student count is a variable that is hard to predict. The unknown factor of how many students will come to the District each year presents many challenges and opportunities for the District.
- During the 2004-05 the District received \$7,322 per student in State funds in the form of a foundation allowance. This is the same foundation grant that was promised for the last three years but the State was unable to pay in full until this year. At the time the audit was prepared the State had not adopted a State Aid Bill for the funding of education for the 2005-06 school year. The uncertainty of State funding continues to be a challenge as the District must plan programs and services for our students when we do not know the amount of revenue we will receive from our primary source.
- During the 2004-05 school year the Blue Ribbon Committee which evaluated the District coverages recommended a change in plans to a health care coverage that was more cost effective and a number of employees began paying for a portion of their health care coverage. The District administration and staff will continue to evaluate other opportunities for reasonable health care coverage during the 2005-06 school year.
- The District along with all other districts will need to meet the Federal and State Standards for AYP (Adequate Yearly Progress) and NCLB (No Child Left Behind). It is unknown to us at this time the total cost to insure that our curriculum and our staff meet the guidelines set by the State and Federal mandates.

-
- With the beginning of the 2005-06 school year the District will open a newly remodeled intermediate school. Final plans have been made and estimated operational costs have been projected. However the true cost of how this will affect programming, transportation, and operations and maintenance will not be known until there is history to base the actual costs.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Byron Center Public Schools, 2475 – 84th St SW, Byron Center, MI 49315. Contact by e-mail: businessmgr@bcpsk12.net. Contact by phone: (616) 878-6100.

BASIC FINANCIAL STATEMENTS

BYRON CENTER PUBLIC SCHOOLS
Statement of Net Assets
June 30, 2005

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| Assets | |
| Current Assets | |
| Cash equivalents (Note B) | \$ 1,431,395 |
| Deposits (Note B) | 275,000 |
| Investments (Note B) | 7,715,585 |
| Taxes receivable (Note C) | 235,457 |
| Accounts receivable | 20,282 |
| Due from other governmental units (Note C) | 3,478,738 |
| Inventory (Note A) | 10,561 |
| Prepaid expenses | 297,034 |
| Total Current Assets | <u>13,464,052</u> |
| Noncurrent Assets | |
| Capital assets (Note E) | 101,748,376 |
| Less accumulated depreciation | <u>(17,347,749)</u> |
| Total Noncurrent Assets | <u>84,400,627</u> |
| Total Assets | <u>97,864,679</u> |
| Liabilities | |
| Current Liabilities | |
| Accounts payable | 1,129,063 |
| Due to other governmental units | 444,915 |
| Accrued interest payable | 669,656 |
| Salaries payable | 1,320,033 |
| Deferred revenue | 238,540 |
| Current portion of long term obligations | 2,991,552 |
| Total Current Liabilities | <u>6,793,759</u> |
| Noncurrent Liabilities (Notes A, F) | |
| General obligation bonds payable | 74,720,000 |
| State school bond loan payable | 9,997,625 |
| Installment purchase agreements payable | 247,677 |
| Capital leases payable | - |
| Accumulated sick leave | 72,501 |
| Total Noncurrent Liabilities | <u>85,037,803</u> |
| Total Liabilities | <u>91,831,562</u> |
| Net Assets | |
| Invested in capital assets, net of related debt | 2,055,847 |
| Restricted for: | |
| Debt service | (317,390) |
| Capital projects | (11,226) |
| Unrestricted | 4,305,886 |
| Total Net Assets | <u><u>\$ 6,033,117</u></u> |

See accompanying notes to basic financial statements.

BYRON CENTER PUBLIC SCHOOLS
Statement of Activities
For the year ended June 30, 2005

| Functions/Programs | Expenses | Program Revenues Charges for Services | Operating Grants | Net (Expense) Revenue and Changes In Net Assets |
|---|----------------------|---|---------------------|--|
| Governmental Activities | | | | |
| Instruction | \$ 16,221,713 | \$ - | \$ 2,397,157 | \$(13,824,556) |
| Supporting services | 10,080,913 | 439,000 | - | (9,641,913) |
| Community services | 1,382,167 | 1,043,943 | 73,395 | (264,829) |
| Food service | 1,035,696 | 633,986 | 329,451 | (72,259) |
| Athletics | 696,260 | 185,112 | - | (511,148) |
| Other | 3,175 | - | - | (3,175) |
| Interest expense | 4,246,980 | - | - | (4,246,980) |
| Total Governmental Activities | \$ 33,666,904 | \$ 2,302,041 | \$ 2,800,003 | (28,564,860) |
| General Revenues | | | | |
| Taxes: | | | | |
| Property taxes, levied for general operations | | | | 4,522,615 |
| Property taxes, levied for debt service | | | | 4,912,801 |
| Property taxes, levied for capital improvements | | | | 690,347 |
| State school aid, unrestricted | | | | 17,453,681 |
| Interest and investment earnings | | | | 22,766 |
| Loss on sale of capital assets | | | | (8,474) |
| Other | | | | 153,781 |
| Total General Revenues | | | | 27,747,517 |
| Change in Net Assets | | | | (817,343) |
| Net Assets - Beginning of Year | | | | 6,850,460 |
| Net Assets - End of Year | | | | \$ 6,033,117 |

See accompanying notes to basic financial statements.

BYRON CENTER PUBLIC SCHOOLS
Balance Sheet
Governmental Funds
June 30, 2005

| | General | 2001 Construction | Nonmajor | Total |
|--|---------------------|----------------------|---------------------|----------------------|
| Assets | | | | |
| Cash equivalents (Note B) | \$ 794,733 | \$ - | \$ 636,662 | \$ 1,431,395 |
| Deposits (Note B) | - | - | 275,000 | 275,000 |
| Investments (Note B) | 2,017,831 | 5,697,754 | - | 7,715,585 |
| Receivables: | | | | |
| Taxes (Note C) | 162,327 | - | 73,130 | 235,457 |
| Accounts | 8,630 | - | 11,652 | 20,282 |
| Due from other funds (Note D) | 57,717 | - | 9,942 | 67,659 |
| Due from other governmental units (Note C) | 3,471,027 | - | 7,711 | 3,478,738 |
| Inventory (Note A) | - | - | 10,561 | 10,561 |
| Prepaid expenditures | 1,660 | - | 25,375 | 27,035 |
| Total Assets | <u>\$ 6,513,925</u> | <u>\$ 5,697,754</u> | <u>\$ 1,050,033</u> | <u>\$ 13,261,712</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 417,274 | \$ 373,679 | \$ 338,110 | \$ 1,129,063 |
| Due to other funds (Note D) | 9,942 | - | 57,717 | 67,659 |
| Due to other governmental units | 444,915 | - | - | 444,915 |
| Salaries payable | 1,320,033 | - | - | 1,320,033 |
| Deferred revenue | 295,868 | - | 178,129 | 473,997 |
| Total Liabilities | <u>2,488,032</u> | <u>373,679</u> | <u>573,956</u> | <u>3,435,667</u> |
| Fund Balances | | | | |
| Reserved for: | | | | |
| Debt service | - | - | 288,289 | 288,289 |
| Capital outlay | - | 5,324,075 | (20,379) | 5,303,696 |
| Unreserved: | | | | |
| Designated for debt service | 47,476 | - | - | 47,476 |
| Designated for Byron Center television | 36,072 | - | - | 36,072 |
| Undesignated, reported in: | | | | |
| General fund | 3,942,345 | - | - | 3,942,345 |
| Special revenue funds | - | - | 208,167 | 208,167 |
| Total Fund Balances | <u>4,025,893</u> | <u>5,324,075</u> | <u>476,077</u> | <u>9,826,045</u> |
| Total Liabilities and Fund Balance | <u>\$ 6,513,925</u> | <u>\$ 5,697,754</u> | <u>\$ 1,050,033</u> | <u>\$ 13,261,712</u> |

See accompanying notes to basic financial statements.

BYRON CENTER PUBLIC SCHOOLS
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2005

| | |
|--|-----------------------------------|
| Total governmental fund balances | \$ 9,826,045 |
| Amounts reported for governmental activities in the Statement of Net Assets are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$101,748,376 and accumulated depreciation is \$17,347,749. | 84,400,627 |
| Net bond premium and refunding and issuance costs are not expensed but are amortized over the life of the new bond issue. | 269,999 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of: | |
| General obligation bonds | \$(77,540,000) |
| State school bond loan | (9,997,625) |
| Installment purchase agreements | (370,305) |
| Capital leases | (30,924) |
| Accumulated sick leave | (90,501) |
| | <u>(88,029,355)</u> |
| Accrued interest is not included as a liability in governmental funds. | (669,656) |
| Deferred revenue recognized as revenue in the full accrual statements: | |
| Property taxes | <u>235,457</u> |
| Total net assets - governmental activities | <u><u>\$ 6,033,117</u></u> |

See accompanying notes to basic financial statements.

BYRON CENTER PUBLIC SCHOOLS
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2005

| | General | 2001 Construction | Nonmajor | Total |
|--|---------------------|----------------------|--------------------|---------------------|
| Revenues | | | | |
| Local sources | \$ 4,976,700 | \$ (64,752) | \$ 7,412,789 | \$ 12,324,737 |
| State sources | 17,837,457 | - | 55,590 | 17,893,047 |
| Federal sources | 616,083 | - | 273,861 | 889,944 |
| Interdistrict sources | 1,780,990 | - | 73,395 | 1,854,385 |
| Total Revenues | 25,211,230 | (64,752) | 7,815,635 | 32,962,113 |
| Expenditures | | | | |
| Current: | | | | |
| Instruction | 14,787,193 | - | - | 14,787,193 |
| Supporting services | 8,910,253 | - | - | 8,910,253 |
| Community services | 405,277 | - | 937,086 | 1,342,363 |
| Food service | - | - | 970,548 | 970,548 |
| Athletics | - | - | 601,768 | 601,768 |
| Capital outlay | - | 11,275,492 | 1,373,307 | 12,648,799 |
| Debt service: | | | | |
| Principal repayment | 67,664 | - | 2,250,000 | 2,317,664 |
| Interest and fiscal charges | 9,013 | - | 4,003,176 | 4,012,189 |
| Bond issuance costs | - | - | 67,330 | 67,330 |
| Underwriter's discount | - | - | 37,590 | 37,590 |
| Interdistrict | 1,642,262 | - | - | 1,642,262 |
| Total Expenditures | 25,821,662 | 11,275,492 | 10,240,805 | 47,337,959 |
| Excess (Deficiency) of Revenues Over Expenditures | (610,432) | (11,340,244) | (2,425,170) | (14,375,846) |
| Other Financing Sources (Uses) | | | | |
| Refunding bonds issued | - | - | 5,370,000 | 5,370,000 |
| Bond premium | - | - | 110,465 | 110,465 |
| Loan proceeds | 265,175 | - | 1,414,500 | 1,679,675 |
| Transfers in | 5 | - | 431,151 | 431,156 |
| Other | - | - | 3,925 | 3,925 |
| Payments to escrow agent | - | - | (5,515,544) | (5,515,544) |
| Transfers out | (431,151) | - | (5) | (431,156) |
| Other | (3,175) | - | - | (3,175) |
| Total Other Financing Sources (Uses) | (169,146) | - | 1,814,492 | 1,645,346 |
| Net Change in Fund Balances | (779,578) | (11,340,244) | (610,678) | (12,730,500) |
| Fund Balances, Beginning of Year | 4,805,471 | 16,664,319 | 1,086,755 | 22,556,545 |
| Fund Balances, End of Year | \$ 4,025,893 | \$ 5,324,075 | \$ 476,077 | \$ 9,826,045 |

See accompanying notes to basic financial statements.

BYRON CENTER PUBLIC SCHOOLS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2005

Net change in fund balances - total governmental funds \$(12,730,500)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and the cost is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

| | | |
|----------------------|--------------------|------------|
| Capital outlays | \$12,879,659 | |
| Depreciation expense | <u>(1,464,777)</u> | 11,414,882 |

On the Statement of Activities proceeds from the sale of capital assets are replaced by the gain (loss) on the transaction. (14,074)

As some delinquent personal property taxes will not be collected for several years after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities. (102,403)

Proceeds from the sale of bonds or loans are an other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Assets. (7,304,911)

Net bond premium and refunding and issuance costs are not expensed but are amortized over the life of the new bond issue. 269,999

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities:

| | | |
|--|---------------|-----------|
| Repayment of bonds | 7,490,000 | |
| Repayment of installment purchase agreements | 67,664 | |
| Repayment of capital leases | <u>89,113</u> | 7,646,777 |

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid. 20,445

In the Statement of Net Assets, accumulated sick leave is measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits earned (\$35,520) exceeded the amounts used/paid (\$17,962). (17,558)

Total changes in net assets - governmental activities \$ (817,343)

See accompanying notes to basic financial statements.

BYRON CENTER PUBLIC SCHOOLS
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2005

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Local sources | \$ 4,966,562 | \$ 5,016,472 | \$ 4,976,700 | \$ (39,772) |
| State sources | 16,972,979 | 17,775,062 | 17,837,457 | 62,395 |
| Federal sources | 612,238 | 672,977 | 616,083 | (56,894) |
| Interdistrict sources | 1,846,192 | 1,744,833 | 1,780,990 | 36,157 |
| Total Revenues | 24,397,971 | 25,209,344 | 25,211,230 | 1,886 |
| Expenditures | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Basic programs | 11,539,364 | 12,333,081 | 12,256,850 | 76,231 |
| Added needs | 2,586,429 | 2,532,877 | 2,530,343 | 2,534 |
| Supporting services: | | | | |
| Pupil services | 1,390,721 | 561,607 | 545,312 | 16,295 |
| Instructional staff services | 693,067 | 801,397 | 720,830 | 80,567 |
| General administrative services | 782,269 | 728,280 | 685,202 | 43,078 |
| School administrative services | 1,491,460 | 1,521,634 | 1,522,453 | (819) |
| Business services | 280,274 | 315,499 | 312,338 | 3,161 |
| Operation and maintenance services | 3,374,114 | 3,353,992 | 3,271,983 | 82,009 |
| Pupil transportation services | 1,242,265 | 1,321,004 | 1,324,054 | (3,050) |
| Central services | 592,921 | 608,940 | 528,081 | 80,859 |
| Community services | 436,871 | 427,653 | 405,277 | 22,376 |
| Debt service: | | | | |
| Principal repayment | - | 67,664 | 67,664 | - |
| Interest and fiscal charges | - | 10,550 | 9,013 | 1,537 |
| Interdistrict | 1,075,320 | 1,633,914 | 1,642,262 | (8,348) |
| Total Expenditures | 25,485,075 | 26,218,092 | 25,821,662 | 396,430 |
| Excess (Deficiency) Of Revenues Over Expenditures | (1,087,104) | (1,008,748) | (610,432) | 398,316 |
| Other Financing Sources (Uses) | | | | |
| Loan proceeds | - | 265,175 | 265,175 | - |
| Transfers in | - | 5 | 5 | - |
| Transfers out | (584,821) | (453,344) | (431,151) | 22,193 |
| Other | - | - | (3,175) | (3,175) |
| Total Other Financing Sources (Uses) | (584,821) | (188,164) | (169,146) | 19,018 |
| Net Change in Fund Balances | (1,671,925) | (1,196,912) | (779,578) | 417,334 |
| Fund Balances, July 1 | 4,805,471 | 4,805,471 | 4,805,471 | - |
| Fund Balances, June 30 | \$ 3,133,546 | \$ 3,608,559 | \$ 4,025,893 | \$ 417,334 |

See accompanying notes to basic financial statements.

BYRON CENTER PUBLIC SCHOOLS
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2005

| | Private Purpose Trust Fund | Agency Fund |
|-------------------------------|----------------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| Assets | | |
| Cash equivalents (Note B) | \$ 1,923 | \$ 185,590 |
| Deposits (Note B) | <u>10,922</u> | <u>109</u> |
| Total Assets | <u><u>\$ 12,845</u></u> | <u><u>\$ 185,699</u></u> |
| Liabilities | | |
| Due to student groups | <u>-</u> | <u><u>\$ 185,699</u></u> |
| Net Assets | | |
| Held in trust for: | | |
| Individuals and organizations | <u><u>\$ 12,845</u></u> | |

See accompanying notes to basic financial statements.

BYRON CENTER PUBLIC SCHOOLS
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
For the year ended June 30, 2005

| | Private Purpose Trust Fund |
|--------------------------------------|----------------------------------|
| Additions | |
| Interest earnings | \$ 147 |
| Deductions | |
| Endowment activities - scholarships | 300 |
| Change In Net Assets | (153) |
| Net Assets, Beginning of Year | 12,998 |
| Net Assets, End of Year | <u>\$ 12,845</u> |

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

Note A – Summary of Significant Accounting Policies

Byron Center Public Schools was organized under the School Code of the State of Michigan and services a population of approximately 3,024 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, preschool programs, athletic activities, special education, vocational education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of Byron Center Public Schools (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District’s accounting policies are described below.

1. Reporting Entity

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District’s financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

2. District-Wide and Fund Financial Statements

District-Wide Financial Statements - The district-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund and the 2001 Construction Capital Projects Fund are the District's major funds. Non-major funds are aggregated and presented in a single column.

Fund Financial Statements – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided in separate statements.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Deferred revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenues in accordance with state law and accounting principles generally accepted in the United States of America.

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of a school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

General Fund—The General Fund is the general operating fund of a school district. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

Special Revenue Funds—Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

School Service Funds—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Funds maintained by the District are the Food Service, Athletic, Community Service, and VanSingel Fine Arts Center Funds.

Debt Service Funds—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases and school bond loan) principal, interest, and related costs.

Capital Projects Funds—Capital Projects Funds are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished.

The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the State of Michigan's School Code. For capital project activities funded with sinking fund millage, the District has complied with the applicable provisions of Section 1212 (I) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by a school district in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Fiduciary Fund net assets and results of operations are not included in the district-wide financial statements. Fiduciary funds are reported using the economic resources measurement focus. The District presently maintains scholarship funds for the benefit of students.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District presently maintains a Student Activities Fund to record the transactions of student groups for school and school related purposes. The funds are segregated and held in trust for the students.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the district-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as they are needed.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

4. Budgets and Budgetary Accounting

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Byron Center Public Schools has also adopted budgets for its Special Revenue Funds. A school district's General Appropriations Resolution (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year-end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the fund level. All appropriations lapse at the end of the fiscal year.

Byron Center Public Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent and Business Manager to establish proposed operating budgets for the fiscal year commencing the following July 1.
- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.
- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.
- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).
- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

5. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

6. Investments

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

7. Inventory

Inventories are valued at cost (first-in, first-out). Inventories of the General Fund consist of teaching and custodial supplies. Inventories of the Food Service Fund consist of food, unused commodities and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund.

8. Capital Assets

Capital assets, which include land, land improvements, buildings, vehicles and furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and additions, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

| | |
|-------------------------|-------------|
| Land improvements | 10-20 years |
| Buildings and additions | 40-50 years |
| Vehicles | 5-10 years |
| Furniture and equipment | 3-10 years |

9. Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

10. Accumulated Sick Leave

Accumulated sick leave at June 30, 2005 has been computed and recorded in the basic financial statements of the District. Employees who leave the District are entitled to reimbursement for a portion of their unused sick days. At June 30, 2005, the accumulated liabilities, including salary related payments, (expected to be financed by General Fund revenues) for accumulated sick leave amounted to \$90,501.

11. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

12. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

13. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note B – Cash Equivalents, Deposits and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district in Michigan.

Cash Equivalents and Deposits

Depositories actively used by the District during the year are detailed as follows:

1. Byron Bank

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

Balances at June 30, 2005 related to cash equivalents and deposits are detailed in the Basic Financial Statements as follows:

| | |
|--------------------|----------------------------|
| Governmental Funds | \$ 1,706,395 |
| Fiduciary Funds | <u>198,544</u> |
| | <u><u>\$ 1,904,939</u></u> |

Cash equivalents consist of bank interest earning super NOW accounts. Deposits consist of certificates of deposit.

June 30, 2005 balances are detailed as follows:

| | |
|------------------|----------------------------|
| Cash equivalents | \$ 1,618,908 |
| Deposits | <u>286,031</u> |
| | <u><u>\$ 1,904,939</u></u> |

Custodial credit risk

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Protection of District cash equivalents and deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents and deposits was \$1,904,939 and the bank balance was \$3,558,963. Of the bank balance, \$100,000 was covered by federal depository insurance and \$3,458,963 was uninsured.

Investments

As of June 30, 2005 the District had the following investments:

| | <u>Fair Value</u> | <u>Weighted Average Maturity (Years)</u> |
|-------------------------------------|----------------------------|---|
| Investment Pool Accounts: | | |
| Comerica Bank | \$ 1,410,337 | N/A |
| Michigan Liquid Asset Fund | 2,017,831 | N/A |
| FHLMC | 1,003,135 | .0442 |
| FHLB | 1,380,715 | .5031 |
| FNMA | 1,433,568 | .3492 |
| FFCB | <u>470,000</u> | <u>.1250</u> |
| | <u><u>\$ 7,715,585</u></u> | |
| Portfolio Weighted Average Maturity | | <u><u>.3045</u></u> |

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District will minimize custodial credit risk by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business. The District has a custodial credit risk exposure of \$4,287,417 in its U.S. Agency investments because the securities are uninsured, unregistered and held by the District's brokerage firm which is also the counterparty for these securities.

Credit Risk

The District's investments in the Comerica Bank and Michigan Liquid Asset Fund investment pools were unrated.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

Interest Rate Risk

In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements. The District's investment policy also limits that maturities do not exceed two (2) years.

Concentration of Credit Risk

The District minimizes concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by allowing no more than fifty percent (50%) of the total current investment portfolio to be invested in any one type of security. More than 5 percent of the District's investments are in FHLMC (13%), FHLB (18%), FNMA (19%) and FFCB (6%).

Foreign Currency Risk

The District is not authorized to invest in investments which have this type of risk.

Note C – State School Aid/Property Taxes

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts. The amount of 2004 ad valorem State Education Taxes generated within the Byron Center Public School District, and paid to the State of Michigan, totaled \$4,205,289.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February, 2004 and September 2004. The 2004-05 "Foundation Allowance" for Byron Center Public Schools was \$7,322 for 2,987 "Full Time Equivalent" students, generating \$17,833,817 in state aid payments to the District of which \$3,237,140 was paid to the District in July and August, 2005 and included in "Due From Other Governmental Units" of the General Fund and Food Service Special Revenue Fund of the District.

Property taxes for the District are levied July 1 and December 1 under a split-levy system by the City of Wyoming, the Townships of Byron and Dorr, and the Charter Township of Gaines. The taxes are then collected by each governmental unit and remitted to the District. The Counties of Kent and Allegan, through their Delinquent Tax Revolving Fund, advance all delinquent real property taxes at March 1 to the District each year prior to June 30. Delinquent personal property taxes receivable are detailed as follows:

| Tax Year | General Fund | Debt Service Funds | Building and Site Fund | Total |
|-----------------|---------------------|---------------------------|-------------------------------|-------------------|
| 2004 | \$ 29,852 | \$ 12,061 | \$ 1,631 | \$ 43,544 |
| 2003 | 55,983 | 22,400 | 3,187 | 81,570 |
| 2002 | 76,492 | 29,516 | 4,335 | 110,343 |
| | <u>\$ 162,327</u> | <u>\$ 63,977</u> | <u>\$ 9,153</u> | <u>\$ 235,457</u> |

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

Taxes uncollected after three years from the date of levy, unless material in amount, are written off the books of the District.

Section 1211(1) of 1993 PA 312 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

As Byron Center Public Schools' electors had previously (June 14, 1993) approved an operating millage extension, the 18 mill non-homestead property tax was levied in the District for 2004.

The District levied 7.0 mills in 2004 for debt service purposes and .9835 mills for building and site, applied on all taxable property in the District.

Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases are limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A, taxable property is now divided into two categories: homestead and non-homestead.

Homestead property is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted "Local Enhancement Millage" nor any additional voted millage for the retirement of debt.

Non-homestead property is considered to be all property not qualifying for a homestead exemption, which includes all commercial and industrial property. Non-homestead property is subject to all District levies.

Note D – Interfund Receivables/Payables and Transfers

Amounts due from (to) other funds representing interfund receivables and payables, resulting from payroll expenditures during the month of June 2005, which had not been reimbursed to the General Fund prior June 30, 2005, are detailed as follows:

| | <u>Due From</u> | <u>Due To</u> |
|------------------------|-----------------|---------------|
| General Fund | | |
| Special Revenue Funds: | | |
| Food Service Fund | \$ 56,508 | \$ — |
| Athletics Fund | — | 3,090 |
| Community Service Fund | 565 | 6,852 |
| | <hr/> | <hr/> |
| Total General Fund | 57,717 | 9,942 |

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

| | Due From | Due To |
|------------------------------|-----------------|---------------|
| Special Revenue Funds | | |
| Food Service Fund: | | |
| General Fund | \$ — | \$ 56,508 |
| Athletics Fund: | | |
| General Fund | 3,090 | — |
| Community Service Fund: | | |
| General Fund | 6,852 | 565 |
| | <hr/> | <hr/> |
| Total Special Revenue Funds | 9,942 | 57,717 |
| | <hr/> | <hr/> |
| Total All Funds | \$ 67,659 | \$ 67,659 |
| | <hr/> | <hr/> |

Interfund transfers during the year ended June 30, 2005 were as follows:

| | Transfers In | Transfers Out |
|----------------------------------|---------------------|----------------------|
| General Fund | | |
| Special Revenue Funds: | | |
| Food Service Fund | \$ — | \$ 6,537 |
| Athletic Fund | — | 405,609 |
| Community Service Fund | — | 6,852 |
| VanSingel Fine Arts Center Fund | — | 12,153 |
| Capital Projects Funds: | | |
| 1997 Construction Fund | 5 | — |
| | <hr/> | <hr/> |
| Total General Fund | 5 | 431,151 |
| | <hr/> | <hr/> |
| Special Revenue Funds | | |
| Food Service Fund: | | |
| General Fund | 6,537 | — |
| Athletic Fund: | | |
| General Fund | 405,609 | — |
| Community Service Fund: | | |
| General Fund | 6,852 | — |
| VanSingel Fine Arts Center Fund: | | |
| General Fund | 12,153 | — |
| | <hr/> | <hr/> |
| Total Special Revenue Funds | 431,151 | — |
| | <hr/> | <hr/> |
| Capital Projects Funds | | |
| 1997 Construction Fund: | | |
| General Fund | — | 5 |
| | <hr/> | <hr/> |
| Total All Funds | \$ 431,156 | \$ 431,156 |
| | <hr/> | <hr/> |

Interfund transfers are essential to maintain the Special Revenue Funds of the District. The transfers assist each fund with payroll and employee benefits for coaches, food service employees, and child care workers. The transfer for the Van Singel Fine Arts Fund also includes a pro-ration for the cost of utilities for non-school use of the Van Singel Fine Arts Center. The District's intent is to appropriate expenditures to these funds on an actual basis to show the true costs of operation for these programs. By making the interfund transfer these expenditures can be allocated to each program as they occur. The transfer to the General Fund closed the 1997 Construction Fund.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

Note E – Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows:

| | <u>Balances July 1, 2004</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balances June 30, 2005</u> |
|------------------------------------|----------------------------------|---------------------|---------------------|-----------------------------------|
| Capital assets not depreciated: | | | | |
| Land | \$ 3,747,798 | \$ — | \$ — | \$ 3,747,798 |
| Construction in progress | 26,605,704 | 12,540,486 | 31,631,953 | 7,514,237 |
| Capital assets being depreciated: | | | | |
| Land improvements | 7,308,616 | 3,199,312 | — | 10,507,928 |
| Buildings and additions | 46,069,175 | 25,670,894 | — | 71,740,069 |
| Furniture and equipment | 3,414,259 | 2,801,180 | — | 6,215,439 |
| Vehicles | 1,704,804 | 299,740 | 238,733 | 1,765,811 |
| Equipment under capital leases | 257,094 | — | — | 257,094 |
| Totals at historical cost | <u>89,107,450</u> | <u>\$44,511,612</u> | <u>\$31,870,686</u> | <u>101,748,376</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | \$ 3,852,993 | \$ 263,283 | \$ — | \$ 4,116,276 |
| Buildings and additions | 8,791,068 | 847,403 | — | 9,638,471 |
| Furniture and equipment | 2,338,784 | 190,070 | — | 2,528,854 |
| Vehicles | 1,073,366 | 112,601 | 224,659 | 961,308 |
| Equipment under capital leases | 51,420 | 51,420 | — | 102,840 |
| Total accumulated depreciation | <u>16,107,631</u> | <u>\$ 1,464,777</u> | <u>\$ 224,659</u> | <u>17,347,749</u> |
| Net Capital Assets | <u><u>\$ 72,999,819</u></u> | | | <u><u>\$ 84,400,627</u></u> |

Depreciation expense was charged to District activities as follows:

| | |
|--------------------------|---------------------|
| Governmental activities: | |
| Instruction | \$ 1,108,103 |
| Supporting services | 161,526 |
| Community services | 39,804 |
| Food service | 60,852 |
| Athletics | 94,492 |
| Unallocated | — |
| | <u>\$ 1,464,777</u> |

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

Note F – Long-term Debt

Amounts available and to be provided for outstanding long-term debt at June 30, 2005 are summarized as follows:

| | General Obligation Bonds | State School Bond Loan | Installment Purchase Agreements/ Capital Leases | Accumulated Sick Leave | Total |
|--|---|---------------------------------------|--|-----------------------------------|---------------------|
| Amount Available For Retirement Of Long-Term Debt | | | | | |
| Debt Service Funds | \$ 288,289 | \$ — | \$ — | \$ — | \$ 288,289 |
| Amounts To Be Provided For Retirement Of Long-Term Debt | | | | | |
| General Fund | — | — | 401,229 | 90,501 | 491,730 |
| Debt Service Funds | 77,251,711 | 9,997,625 | — | — | 87,249,336 |
| Total Amounts Available and To Be Provided | <u>\$77,540,000</u> | <u>\$9,997,625</u> | <u>\$ 401,229</u> | <u>\$ 90,501</u> | <u>\$88,029,355</u> |

Changes in long-term debt for the year ended June 30, 2005 are summarized as follows:

| | Debt Outstanding July 1, 2004 | Debt Added | Debt Retired | Debt Outstanding June 30, 2005 |
|---------------------------------|--|-----------------------|-------------------------|---|
| General obligation bonds: | | | | |
| May 1, 1995 | \$ 4,745,000 | \$ — | \$ 1,985,000 | \$ 2,760,000 |
| May 1, 1997 | 4,750,000 | — | 4,350,000 | 400,000 |
| May 1, 1998 | 24,340,000 | — | 105,000 | 24,235,000 |
| November 13, 2001 | 45,825,000 | — | 1,050,000 | 44,775,000 |
| March 2, 2005 | — | 5,370,000 | — | 5,370,000 |
| State school bond loan | 8,327,889 | 1,669,736 | — | 9,997,625 |
| Installment purchase agreements | 172,794 | 265,175 | 67,664 | 370,305 |
| Capital leases | 120,037 | — | 89,113 | 30,924 |
| Accumulated sick leave | 72,943 | 35,520 | 17,962 | 90,501 |
| | <u>\$ 88,353,663</u> | <u>\$ 7,340,431</u> | <u>\$ 7,664,739</u> | <u>\$ 88,029,355</u> |

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

Long-term bonds, installment purchase agreements and capital leases at June 30, 2005 are comprised of the following:

| | Final Maturity Dates | Interest Rates | Outstanding Balance | Amount Due Within One Year |
|---|-------------------------------------|---------------------------|--------------------------------|---|
| General Obligation Bonds | | | | |
| \$37,690M Building and Site May 1, 1995: Annual maturities of 1,380M | May 1, 2009 | 8.25 | \$ 2,760,000 | \$ — |
| \$5,730M Building and Site May 1, 1997: Annual maturities of 200M | May 1, 2007 | 6.90 – 7.20 | 400,000 | 200,000 |
| \$24,895M Refunding May 1, 1998: Annual maturities of 110M to 1,580M | May 1, 2024 | 5.30 – 8.25 | 24,235,000 | 1,470,000 |
| \$47,170M Building and Site November 13, 2001: Annual maturities of 1,075M to 1,800M | May 1, 2031 | 4.50 – 5.50 | 44,775,000 | 1,075,000 |
| \$5,370M Refunding March 2, 2005: Annual maturities of 75M to 365M | May 1, 2022 | 2.50 – 4.00 | 5,370,000 | 75,000 |
| Installment Purchase Agreements | | | | |
| \$206M School Buses December 15, 2003: Annual maturities of 36M to 70M | December 15, 2006 | 2.98 | 105,130 | 69,593 |
| \$265M School Buses July 28, 2004: Annual maturities of 53M | July 30, 2009 | 3.43 | 265,175 | 53,035 |
| Capital Lease | | | | |
| \$258M Copiers October 21, 2002: Annual maturity of \$31,094 | October 21, 2005 | 6.06 | 30,924 | 30,924 |
| | | | <u>\$ 77,941,229</u> | <u>\$ 2,973,552</u> |

The District is required to obtain loans from the Michigan School Bond Loan fund for the payment of the annual maturities of its general obligation bonds. There is no fixed maturity schedule for the repayment of these loans. Instead, the principal and interest are payable when taxes levied for debt service are no longer needed to retire bonded debt. During the year the District borrowed \$1,414,500 and accrued interest of \$255,236 was added to the District's liability to the Fund. At June 30, 2005, the District owed the Fund a total of \$9,997,625.

The annual requirements to pay principal and interest on long-term bonds and installment purchase agreements outstanding at June 30, 2005 are as follows:

| Year Ended June 30 | Principal | Interest | Total |
|-------------------------------|------------------|-----------------|--------------|
| 2006 | \$ 2,973,552 | \$ 3,993,932 | \$ 6,967,484 |
| 2007 | 3,093,572 | 3,818,324 | 6,911,896 |
| 2008 | 3,213,035 | 3,670,552 | 6,883,587 |
| 2009 | 3,413,035 | 3,478,350 | 6,891,385 |
| 2010 | 3,633,035 | 3,269,438 | 6,902,473 |

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

| Year Ended June 30 | Principal | Interest | Total |
|-------------------------------|----------------------|----------------------|----------------------|
| 2011 | \$ 3,680,000 | \$ 3,099,884 | \$ 6,779,884 |
| 2012 | 3,715,000 | 2,924,372 | 6,639,372 |
| 2013 | 3,730,000 | 2,734,928 | 6,464,928 |
| 2014 | 3,720,000 | 2,541,458 | 6,261,458 |
| 2015 | 3,705,000 | 2,347,718 | 6,052,718 |
| 2016 | 3,500,000 | 2,154,750 | 5,654,750 |
| 2017 | 3,500,000 | 1,974,350 | 5,474,350 |
| 2018 | 3,490,000 | 1,794,000 | 5,284,000 |
| 2019 | 3,475,000 | 1,614,150 | 5,089,150 |
| 2020 | 3,470,000 | 1,444,050 | 4,914,050 |
| 2021 | 3,460,000 | 1,274,200 | 4,734,200 |
| 2022 | 3,445,000 | 1,104,850 | 4,549,850 |
| 2023 | 3,070,000 | 936,250 | 4,006,250 |
| 2024 | 3,055,000 | 782,750 | 3,837,750 |
| 2025 | 1,800,000 | 630,000 | 2,430,000 |
| 2026 | 1,800,000 | 540,000 | 2,340,000 |
| 2027 | 1,800,000 | 450,000 | 2,250,000 |
| 2028 | 1,800,000 | 360,000 | 2,160,000 |
| 2029 | 1,800,000 | 270,000 | 2,070,000 |
| 2030 | 1,800,000 | 180,000 | 1,980,000 |
| 2031 | 1,800,000 | 90,000 | 1,890,000 |
| | <u>\$ 77,941,229</u> | <u>\$ 47,478,306</u> | <u>\$125,419,535</u> |

On March 2, 2005, the District issued \$5,370,000 in general obligation bonds with an average interest rate of 3.76254% to advance refund \$5,240,000 of outstanding 1995 and 1997 general obligation bonds with effective interest rates of 6.993% and 5.246% respectively, resulting in a net present value savings of \$465,388. The net proceeds (\$5,515,545 after the net premium of \$110,465, District contribution of \$140,000 and payment of \$104,920 in underwriting fees, insurance and other issuance costs) were deposited with an escrow agent and used to purchase United States government securities. Under the terms of the agreement these securities, together with the interest earned to maturity, will be sufficient to pay principal and interest as it becomes due. This procedure relieves the District from being primarily liable for the debt and the District is virtually assured of not being required to make further payments with respect to the debt. These funds are not commingled with other funds and cannot be redeemed prior to maturity. Any excess funds will be returned to the District upon final payment of principal and interest (Scheduled to be May 1, 2007). This defeasance procedure allows the District to remove the related assets and liabilities from its financial statements, which it has done. The assets, now held by the escrow agent to be used for the remaining principal and interest due of \$4,581,600 on the defeased debt at June 30, 2005 are detailed in the following schedule:

| | Cost | Market Value | Par Value |
|----------------------------|---------------------|---------------------|---------------------|
| U.S. Government Securities | <u>\$ 4,285,835</u> | <u>\$ 4,285,835</u> | <u>\$ 4,285,835</u> |

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

Note G – Retirement Plan

Substantially all District employees participate in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost sharing, multiple employer defined benefit public employee retirement system governed by the State of Michigan. The District's payroll for employees covered by MPERS for the year ended June 30, 2005 was \$14,995,396. A Basic Plan member may retire at age 55 with 30 or more years of credited service or at age 60 with 10 or more years of credited service. The annual retirement benefit, payable monthly for life, is equal to 1½ percent of a member's final average compensation multiplied by his/her number of years of credited service. Final average compensation is the employee's average salary over the last 5 years of credited service. Vested employees may retire at or after age 55 with 15 years of service and receive reduced retirement benefits.

School districts in the State of Michigan are required to contribute at a rate, annually determined by the State of Michigan, of covered employees' compensation to the MPERS plan. The contribution rate was 12.99% for the fiscal year ending September 30, 2004 and 14.87% for the fiscal year beginning October 1, 2004. The District's contributions to the plan for the fiscal years ended June 30, 2005, 2004 and 2003 were \$2,230,700, \$1,872,549 and \$1,792,967, respectively.

The "actuarial accrued liability" is a standardized disclosure method of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the MPERS' funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among public employee retirement systems and employers.

The MPERS does not make separate measurements of assets and actuarial accrued liability for individual schools. The actuarial accrued liability at September 30, 2003 (the latest reporting date available expressed as \$ in millions) for the MPERS as a whole, determined through an actuarial valuation performed as of that date, was \$44,769. The MPERS' net assets available for benefits on that date were \$38,726 leaving an unfunded pension benefit obligation of \$6,043. Ten year historical trend information showing the MPERS' progress in accumulating sufficient assets to pay benefits when due is presented in the September 30, 2004 Annual Report of the MPERS, which may be obtained by contacting the System at P.O. Box 30171, Lansing, Michigan 48909-7671.

The total actuarial accrued liability (expressed as \$ in millions) increased by \$2,812 from September 30, 2002 to September 30, 2003. Not included in the pension benefit obligation above is any future obligation attributable to health, dental and vision insurance benefits which are funded on a cash disbursement basis. With the passage of Act 279 of 1996, making permanent the cash basis financing of health, dental and vision benefits, actuarially calculated liabilities for these benefits are no longer disclosed on the balance sheets.

Prior to January 1, 1990, participating employees could elect coverage under either the noncontributory Basic Plan or the contributory Member Investment Plan (MIP). Effective January 1, 1990, all new employees are automatically enrolled in MIP. Participants in MIP, who receive benefits in addition to those available under the Basic Plan, contribute a percentage of salary. The graduated contribution rate is based on total wages and is calculated at 3% of the first \$5,000; 3.6% of the next \$10,000; and 4.3% of all wages over \$15,000. MIP members may retire at any age with 30 years of service, or at age 60 with 5 years of service, with benefits based on a final average compensation period of 5 years for Basic Plan participants and 3 years for Member Investment Plan participants.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

Post-employment benefits for health, dental, and vision insurance are available at retirement through the MPSERS. Retirees contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverage. Required contributions for post-employment health care benefits are included as part of the District's total contribution to the MPSERS as discussed above.

Note H – Risk Management and Benefits

The District is a member of the West Michigan Risk Management Trust, a self-insurance program with districts pooling together to insure property, liability and auto exposure. Premiums from members of the Trust are determined through standard underwriting procedures. The members of the Trust have contributed amounts sufficient to fund individual and aggregate losses up to \$175,000 and \$865,000, respectively, on an annual basis. Excess insurance has been purchased to cover claims exceeding those amounts. A \$1,000 per occurrence deductible for property losses is maintained. The District paid \$110,524 in premiums to the Trust for the year ended June 30, 2005.

The District is also a member of the West Michigan Workers' Compensation Fund, a self-insurance program with districts pooling together to insure workers' compensation and employers' liability exposures. The Fund pays the first \$300,000 of any workers' compensation or employers' liability loss out of a \$1,833,000 loss fund collected from members. Excess insurance has been purchased to cover claims exceeding those amounts. As of June 30, 2005, there were no material pending claims against the District. The District paid \$144,575 in premiums to the Fund for the year ended June 30, 2005.

Health, life and other employee insurance is provided by private insurance carriers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note I – Commitments

On November 13, 2001, the District issued \$47,170,000 of general obligation building and site bonds whose proceeds are being used for land purchases, building renovations and additions and furniture and equipment purchases. At June 30, 2005, unspent balances committed to this construction project totaled approximately \$5,324,000, which are expected to be fully expended by the year ended June 30, 2006.

Note J – Stewardship, Compliance and Accountability

The following District fund had actual expenditures exceed final budgeted expenditures for the year ended June 30, 2005, as follows:

| | Budget | Actual | Unfavorable Variance |
|-----------------------------------|---------------|---------------|---------------------------------|
| Food Service Special Revenue Fund | \$ 948,091 | \$ 970,548 | \$ 22,457 |

The Building and Site Fund had a deficit fund balance of \$20,379 at June 30, 2005. Loan proceeds in July, 2005 erased this deficit.

SUPPLEMENTAL INFORMATION

GENERAL FUND

To account for resources which are traditionally associated with the general operation of the District and not required to be accounted for in another fund.

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Balance Sheet
June 30, 2005 and 2004

| | <u>2005</u> | <u>2004</u> |
|--|----------------------------|----------------------------|
| Assets | | |
| Cash | \$ - | \$ 50 |
| Cash equivalents | 794,733 | - |
| Investments | 2,017,831 | 3,535,548 |
| Receivables: | | |
| Taxes | 162,327 | 234,042 |
| Accounts | 8,630 | - |
| Due from other funds | 57,717 | 65,864 |
| Due from other governmental units | 3,471,027 | 3,429,675 |
| Prepaid expenditures | 1,660 | - |
| Total Assets | <u><u>\$ 6,513,925</u></u> | <u><u>\$ 7,265,179</u></u> |
| Liabilities and Fund Balances | | |
| Liabilities | | |
| Accounts payable | \$ 417,274 | \$ 379,832 |
| Due to other funds | 9,942 | 55,161 |
| Due to other governmental units | 444,915 | 294,952 |
| Salaries payable | 1,320,033 | 1,332,941 |
| Deferred revenue | 295,868 | 396,822 |
| Total Liabilities | <u>2,488,032</u> | <u>2,459,708</u> |
| Fund Balances | | |
| Unreserved: | | |
| Designated for debt service | 47,476 | 43,082 |
| Designated for Byron Center television | 36,072 | 28,316 |
| Undesignated | 3,942,345 | 4,734,073 |
| Total Fund Balances | <u>4,025,893</u> | <u>4,805,471</u> |
| Total Liabilities and Fund Balances | <u><u>\$ 6,513,925</u></u> | <u><u>\$ 7,265,179</u></u> |

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2005 and 2004

| | 2005 | 2004 |
|---|-----------------------------|-----------------------------|
| Local sources: | | |
| Property taxes: | | |
| Current property taxes | \$ 4,557,339 | \$ 4,161,791 |
| Delinquent property taxes | 27,600 | 23,765 |
| Interest on delinquent taxes | 9,391 | 7,209 |
| | <u>4,594,330</u> | <u>4,192,765</u> |
| Interest earnings: | | |
| Interest on deposits and investments | 52,649 | 38,109 |
| Other local revenue: | | |
| Summer school tuition | 8,910 | 5,545 |
| Driver education fees | - | 38,110 |
| Field trips | 15,282 | 10,046 |
| Cablevision fees | 85,265 | 79,533 |
| Pool fees | 73,718 | 57,690 |
| Rental of school facilities | 11,910 | 7,569 |
| Donations | 10,608 | - |
| Sale of school property | 5,600 | 1,500 |
| Township reimbursements | 28,889 | 27,836 |
| Refunds of expenditures | 84,191 | 52,216 |
| Miscellaneous | 5,348 | 4,481 |
| | <u>329,721</u> | <u>284,526</u> |
| Total local sources | 4,976,700 | 4,515,400 |
| State sources: | | |
| State aid | 17,811,336 | 17,104,811 |
| Driver education | - | 19,184 |
| FICA/retirement reimbursement | 24,163 | 20,219 |
| School improvement | 1,958 | 1,913 |
| Total state sources | <u>17,837,457</u> | <u>17,146,127</u> |
| Federal sources: | | |
| Title I | - | 541 |
| Title IIA | 83,851 | 23,528 |
| Title IID | - | 4,756 |
| Title V | 1,755 | 2,235 |
| I.D.E.A. program | 525,477 | 479,134 |
| Medicaid - school based | 1,032 | 5,110 |
| Homeland security | 298 | - |
| Drug free schools | 3,670 | 4,445 |
| Total federal sources | <u>616,083</u> | <u>519,749</u> |
| Interdistrict sources: | | |
| Special education - county | 1,163,370 | 731,258 |
| Special education - transportation | 383,692 | 328,586 |
| Special education - other local districts | 42,061 | 48,731 |
| Vocational education | 138,338 | 94,496 |
| Durant settlement reimbursements | 21,107 | 14,390 |
| Medicaid fee for service | 13,620 | 24,597 |
| Gifted and talented | - | 1,379 |
| Career preparation | 18,500 | 23,556 |
| Other | 302 | 1,512 |
| Total interdistrict sources | <u>1,780,990</u> | <u>1,268,505</u> |
| Total Revenues | <u><u>\$ 25,211,230</u></u> | <u><u>\$ 23,449,781</u></u> |

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

| | 2005 | 2004 |
|----------------------------------|--------------|--------------|
| Current: | | |
| Instruction: | | |
| Basic programs: | | |
| Elementary: | | |
| Salaries: | | |
| Teachers | \$ 2,776,302 | \$ 2,415,160 |
| Substitutes | 110,362 | 108,424 |
| Severance pay | 8,361 | - |
| Employee benefits: | | |
| Employee insurance | 567,294 | 485,388 |
| Tuition reimbursement | 2,426 | 3,875 |
| Retirement | 424,633 | 327,676 |
| Social Security | 223,180 | 193,545 |
| Workers' compensation insurance | 11,483 | 5,054 |
| Cash in lieu of benefits | 24,117 | 6,665 |
| Local travel | 429 | 357 |
| Workshops and conferences | 318 | 3,723 |
| Equipment repair and maintenance | 9,613 | 10,018 |
| Equipment lease | 17,748 | 17,748 |
| Teaching supplies | 118,446 | 116,000 |
| Textbooks | 45,446 | 16,731 |
| Miscellaneous supplies | 4,161 | 3,326 |
| New equipment and furniture | 5,608 | 18,184 |
| Miscellaneous | 150 | - |
| | 4,350,077 | 3,731,874 |
| Middle school: | | |
| Salaries: | | |
| Teachers | 2,502,415 | 2,336,742 |
| Paraprofessionals | 33,373 | 6,278 |
| Substitutes | 83,168 | 47,964 |
| Employee benefits: | | |
| Employee insurance | 496,710 | 411,698 |
| Other special leave payments | - | 6,000 |
| Tuition reimbursement | 4,705 | 4,533 |
| Retirement | 385,585 | 310,489 |
| Social Security | 202,829 | 186,135 |
| Workers' compensation insurance | 10,226 | 4,691 |
| Cash in lieu of benefits | 34,169 | 35,264 |
| Local travel | 793 | 211 |
| Workshops and conferences | 1,346 | 3,646 |
| Equipment repair and maintenance | 11,313 | 9,085 |
| Equipment lease | 20,223 | 17,748 |
| Teaching supplies | 67,653 | 65,648 |
| Textbooks | 29,167 | 21,361 |
| Miscellaneous supplies | 2,871 | 1,430 |
| New equipment and furniture | 400 | 164,042 |
| Dues and fees | 765 | 800 |
| Miscellaneous | 100 | - |
| | 3,887,811 | 3,633,765 |

(Continued)

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

| | 2005 | 2004 |
|----------------------------------|--------------|--------------|
| High school: | | |
| Salaries: | | |
| Teachers | \$ 2,515,445 | \$ 2,152,417 |
| Paraprofessionals | 9,208 | 7,691 |
| Substitutes | 44,291 | 38,398 |
| Sabbatical leave payment | - | 13,821 |
| Employee benefits: | | |
| Employee insurance | 489,801 | 456,179 |
| Tuition reimbursement | 6,858 | 5,926 |
| Retirement | 377,252 | 286,852 |
| Social Security | 197,893 | 170,014 |
| Workers' compensation insurance | 9,834 | 4,536 |
| Unemployment compensation | 1,568 | 25 |
| Cash in lieu of benefits | 28,330 | 17,774 |
| Local travel | 629 | 558 |
| Tuition | 37,920 | 20,384 |
| Equipment repair and maintenance | 15,124 | 21,441 |
| Equipment lease | 27,455 | 27,455 |
| Teaching supplies | 72,431 | 77,777 |
| Textbooks | 45,944 | 73,699 |
| Miscellaneous supplies | 11,358 | 15,572 |
| New equipment and furniture | 86,404 | 477,351 |
| Miscellaneous | 50 | - |
| | 3,977,795 | 3,867,870 |
| At risk preschool: | | |
| Salaries: | | |
| Teachers | 18,605 | 18,643 |
| Paraprofessionals | 6,662 | 7,469 |
| Employee benefits: | | |
| Tuition reimbursement | 828 | 1,620 |
| Retirement | 3,657 | 3,391 |
| Social Security | 1,933 | 1,997 |
| Workers' compensation insurance | 157 | 60 |
| Local travel | 764 | 596 |
| Workshops and conferences | 1,303 | 260 |
| Equipment repair and maintenance | 269 | 510 |
| Teaching supplies | 2,627 | 2,167 |
| Miscellaneous supplies | 2,452 | 2,951 |
| New equipment and furniture | 1,910 | 150 |
| | 41,167 | 39,814 |
| Total basic programs | 12,256,850 | 11,273,323 |
| Added needs: | | |
| Special education: | | |
| Salaries: | | |
| Teachers | 957,667 | 927,815 |
| Paraprofessionals | 355,823 | 308,388 |
| Substitutes | 29,443 | 27,399 |
| Severance pay | 2,152 | - |

(Continued)

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

| | 2005 | 2004 |
|---|------------|------------|
| Special education: (Continued) | | |
| Employee benefits: | | |
| Employee insurance | \$ 268,995 | \$ 207,677 |
| Tuition reimbursement | 2,268 | 385 |
| Retirement | 197,628 | 163,662 |
| Social Security | 105,061 | 98,819 |
| Workers' compensation insurance | 4,760 | 2,551 |
| Cash in lieu of benefits | 29,640 | 28,141 |
| Contracted services | 100 | 70 |
| Local travel | 564 | 1,382 |
| Workshops and conferences | 2,212 | 828 |
| Equipment maintenance and repair | 156 | 441 |
| Teaching supplies | 19,205 | 15,208 |
| Miscellaneous supplies | 2,539 | - |
| New equipment and furniture - depreciable | 1,670 | 11,775 |
| New equipment and furniture - non depreciable | 9,763 | - |
| | 1,989,646 | 1,794,541 |
| Compensatory education: | | |
| Salaries: | | |
| Teachers | 23,378 | 10,196 |
| Paraprofessionals | 121,521 | 124,156 |
| Employee benefits: | | |
| Employee insurance | - | 571 |
| Retirement | 21,155 | 17,449 |
| Social Security | 11,085 | 10,277 |
| Workers' compensation insurance | 639 | 323 |
| Contracted services | - | 28,300 |
| Local travel | 800 | 2,321 |
| Teaching supplies | 67,854 | - |
| | 246,432 | 193,593 |
| Vocational education: | | |
| Teachers salaries | 168,839 | 225,400 |
| Employee benefits: | | |
| Employee insurance | 23,463 | 38,837 |
| Retirement | 25,104 | 29,279 |
| Social Security | 13,386 | 17,583 |
| Workers' compensation insurance | 652 | 530 |
| Cash in lieu of benefits | 3,779 | 4,443 |
| Workshops and conferences | 3,483 | 1,226 |
| Equipment repair and maintenance | 529 | - |
| Teaching supplies | 14,615 | 16,882 |
| Textbooks | 1,615 | 6,346 |
| Miscellaneous supplies | 1,044 | - |
| New equipment and furniture | 37,756 | 45,494 |
| | 294,265 | 386,020 |
| Total added needs | 2,530,343 | 2,374,154 |

(Continued)

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

| | 2005 | 2004 |
|---------------------------------|------------|------------|
| Supporting services: | | |
| Pupil services: | | |
| Guidance services: | | |
| Salaries: | | |
| Counselors | \$ 252,305 | \$ 280,357 |
| Paraprofessionals | 27,985 | 30,035 |
| Employee benefits: | | |
| Employee insurance | 43,563 | 50,997 |
| Other special leave payments | 2,000 | 1,628 |
| Retirement | 37,075 | 40,320 |
| Social Security | 22,075 | 24,041 |
| Workers' compensation insurance | 1,025 | 484 |
| Cash in lieu of benefits | 6,268 | 2,222 |
| Local travel | 269 | 448 |
| Workshops and conferences | 456 | 411 |
| Teaching supplies | 24,462 | 10,942 |
| Dues and fees | 275 | - |
| | 417,758 | 441,885 |
| Physical therapist services: | | |
| Physical therapist salary | 840 | 60,272 |
| Employee benefits: | | |
| Employee insurance | - | 11,354 |
| Retirement | 125 | 7,829 |
| Social Security | 64 | 4,611 |
| Workers' compensation insurance | - | 158 |
| Local travel | 861 | 831 |
| Teaching supplies | 4,215 | 534 |
| New equipment and furniture | - | 1,402 |
| | 6,105 | 86,991 |
| Psychological services: | | |
| Psychologists salaries | - | 70,785 |
| Employee benefits: | | |
| Employee insurance | - | 11,354 |
| Retirement | - | 9,195 |
| Social Security | - | 5,415 |
| Workers' compensation insurance | - | 170 |
| Professional services | 1,253 | 225 |
| Teaching supplies | 826 | 266 |
| New equipment and furniture | 1,402 | - |
| | 3,481 | 97,410 |
| Speech pathology services: | | |
| Speech pathologists salaries | 1,675 | 150,171 |
| Employee benefits: | | |
| Employee insurance | - | 24,043 |
| Retirement | 249 | 19,327 |
| Social Security | 128 | 11,828 |
| Workers' compensation insurance | - | 312 |
| Cash in lieu of benefits | - | 4,443 |
| Contracted services | - | 813 |
| Local travel | 895 | 1,352 |
| Workshops and conferences | 260 | 693 |

(Continued)

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

| | 2005 | 2004 |
|--|----------------|----------------|
| Speech pathology services: (Continued) | | |
| Teaching supplies | \$ 3,010 | \$ 4,503 |
| Miscellaneous supplies | 100 | - |
| New equipment and furniture | - | 1,402 |
| | <u>6,317</u> | <u>218,887</u> |
| Social worker services: | | |
| Social workers salaries | - | 123,593 |
| Employee benefits: | | |
| Employee insurance | - | 28,499 |
| Retirement | - | 16,055 |
| Social Security | - | 9,455 |
| Workers' compensation insurance | - | 185 |
| Local travel | - | 50 |
| Workshops and conferences | 444 | 180 |
| Teaching supplies | 689 | 617 |
| Miscellaneous supplies | 100 | - |
| New equipment and furniture | 2,362 | - |
| | <u>3,595</u> | <u>178,634</u> |
| Teacher consultant services: | | |
| Teacher consultant salaries | - | 131,408 |
| Employee benefits: | | |
| Employee insurance | - | 22,708 |
| Other special leave payments | - | 3,000 |
| Retirement | - | 17,070 |
| Social Security | - | 10,282 |
| Workers' compensation insurance | - | 265 |
| Local travel | 247 | 432 |
| Workshops and conferences | 255 | 50 |
| Teaching supplies | 448 | 138 |
| Miscellaneous supplies | 50 | - |
| New equipment and furniture | 1,505 | - |
| | <u>2,505</u> | <u>185,353</u> |
| Other pupil services: | | |
| Paraprofessionals salaries | 83,228 | 66,877 |
| Employee benefits: | | |
| Retirement | 12,303 | 8,688 |
| Social Security | 6,367 | 5,114 |
| Workers' compensation insurance | 3,653 | 2,386 |
| | <u>105,551</u> | <u>83,065</u> |
| Total pupil services | 545,312 | 1,292,225 |
| Instructional staff services: | | |
| Improvement of instruction: | | |
| Stipends | \$ 20,655 | \$ 6,261 |
| Employee benefits: | | |
| Tuition reimbursement | - | 20 |
| Retirement | 2,638 | 409 |
| Social Security | 1,516 | 240 |

(Continued)

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

| | 2005 | 2004 |
|---|----------------|----------------|
| Improvement of instruction: (Continued) | | |
| Workshops and conferences | \$ 39,144 | \$ 15,419 |
| Other purchased services | 17,878 | 15,522 |
| Supplies | 958 | 6,639 |
| | <u>82,789</u> | <u>44,510</u> |
| Educational media services: | | |
| Salaries: | | |
| Librarians | 66,709 | 65,529 |
| Assistants | 81,227 | 75,182 |
| Employee benefits: | | |
| Employee insurance | 12,407 | 23,314 |
| Retirement | 21,807 | 18,278 |
| Social Security | 11,316 | 10,765 |
| Workers' compensation insurance | 558 | 297 |
| Equipment repair and maintenance | 1,397 | 2,938 |
| Library books | 15,574 | 19,000 |
| Periodicals | 3,182 | 3,134 |
| Supplies | 9,566 | 10,232 |
| | <u>223,743</u> | <u>228,669</u> |
| Supervision and direction of instruction: | | |
| Salaries: | | |
| Directors | 242,218 | 164,378 |
| Clerical | 37,683 | 36,608 |
| Severance pay | 5,000 | - |
| Employee benefits: | | |
| Employee insurance | 42,374 | 39,516 |
| Tuition reimbursement | 2,075 | 3,160 |
| Board paid annuities | 10,000 | - |
| Retirement | 36,400 | 27,322 |
| Social Security | 21,342 | 15,683 |
| Workers' compensation insurance | 1,038 | 416 |
| Other employee benefits | - | 5,316 |
| Contracted services | 1,125 | 13,416 |
| Local travel | 2,313 | 2,352 |
| Workshops and conferences | 1,251 | 4,194 |
| Telephone | 931 | 1,031 |
| Office supplies | 1,323 | 1,372 |
| New equipment and furniture | 1,204 | 1,402 |
| Dues and fees | 873 | 674 |
| | <u>407,150</u> | <u>316,840</u> |
| Academic student assessment: | | |
| Paraprofessional salaries | 5,834 | - |
| Employee benefits: | | |
| Retirement | 868 | - |
| Social Security | 446 | - |
| | <u>7,148</u> | <u>-</u> |
| Total instructional staff services | <u>720,830</u> | <u>590,019</u> |

(Continued)

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

| | 2005 | 2004 |
|---------------------------------------|----------|----------|
| General administrative services: | | |
| Board of education: | | |
| Board members salaries | \$ 4,020 | \$ 3,870 |
| Legal services | 7,040 | 10,667 |
| Audit services | 25,225 | 24,650 |
| Election expenses | 4,088 | 3,262 |
| Local travel | 4,618 | 4,740 |
| Workshops and conferences | - | 50 |
| Printing and binding | 1,000 | - |
| Other purchased services | 19,184 | 15,934 |
| Dues and fees | 4,221 | 5,593 |
| Miscellaneous | 4,589 | 1,960 |
| | 73,985 | 70,726 |
| Executive administration: | | |
| Salaries: | | |
| Superintendent | 123,076 | 118,740 |
| Assistant superintendent | 102,495 | 100,485 |
| Clerical | 109,642 | 121,864 |
| Employee benefits: | | |
| Employee insurance | 54,692 | 53,532 |
| Other special leave payments | - | 2,000 |
| Tuition reimbursement | 2,693 | 1,676 |
| Board paid annuities | 14,077 | 13,899 |
| Retirement | 50,106 | 45,888 |
| Social Security | 24,651 | 24,150 |
| Workers' compensation insurance | 1,193 | 709 |
| Cash in lieu of benefits | 2,345 | 4,816 |
| Other employee benefits | 21,060 | - |
| Local travel | 10,170 | 10,236 |
| Workshops and conferences | 6,929 | 3,627 |
| Telephone | 1,969 | 1,884 |
| Mailing and postage | 15,236 | 11,323 |
| Advertising | 1,630 | 1,716 |
| Printing and binding | 510 | 1,833 |
| Equipment repair and maintenance | 5,783 | 4,677 |
| Equipment rental | 5,165 | 5,165 |
| Other purchased services | 6,861 | 6,449 |
| Office supplies | 16,991 | 15,938 |
| New equipment and furniture | 4,386 | 3,805 |
| Dues and fees | 10,518 | 7,141 |
| Miscellaneous | 19,039 | 20,158 |
| | 611,217 | 581,711 |
| Total general administrative services | 685,202 | 652,437 |
| School administrative services: | | |
| Office of the principal: | | |
| Salaries: | | |
| Principals | 641,449 | 550,401 |
| Clerical | 322,545 | 298,312 |

(Continued)

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

| | 2005 | 2004 |
|--------------------------------------|------------|------------|
| Office of the principal: (Continued) | | |
| Employee benefits: | | |
| Employee insurance | \$ 153,790 | \$ 136,992 |
| Other special leave payments | - | 10,000 |
| Tuition reimbursement | 4,928 | 5,641 |
| Board paid annuities | 24,000 | 16,580 |
| Retirement | 143,037 | 111,800 |
| Social Security | 75,245 | 66,717 |
| Workers' compensation insurance | 2,978 | 1,730 |
| Cash in lieu of benefits | 22,567 | 22,237 |
| Local travel | 4,557 | 5,468 |
| Workshops and conferences | 2,064 | 1,613 |
| Telephone | 4,448 | 4,039 |
| Postage | 14,927 | 12,712 |
| Printing and binding | - | 527 |
| Equipment repair and maintenance | 13,705 | 11,169 |
| Equipment rental | 25,825 | 25,825 |
| Supplies | 48,021 | 25,973 |
| Miscellaneous | 18,367 | 11,939 |
| Total school administrative services | 1,522,453 | 1,319,675 |
| Business services: | | |
| Fiscal services: | | |
| Salaries: | | |
| Director | 77,500 | 70,000 |
| Accounting | 80,058 | 78,576 |
| Employee benefits: | | |
| Employee insurance | 25,085 | 33,363 |
| Tuition reimbursement | 1,769 | 2,430 |
| Board paid annuities | 5,000 | 3,000 |
| Retirement | 23,492 | 19,668 |
| Social Security | 12,441 | 11,353 |
| Workers' compensation insurance | 394 | 288 |
| Cash in lieu of benefits | 5,099 | - |
| Local travel | 1,015 | 856 |
| Workshops and conferences | 144 | 1,591 |
| Telephone | 493 | 564 |
| Equipment repair and maintenance | 1,475 | 980 |
| Office supplies | 1,961 | 4,142 |
| Miscellaneous supplies | 140 | 102 |
| Dues and fees | 140 | 476 |
| | 236,206 | 227,389 |
| Other business services: | | |
| Student insurance | 10,753 | 9,663 |
| Tax refunds | 65,379 | 74,576 |
| | 76,132 | 84,239 |
| Total business services | 312,338 | 311,628 |

(Continued)

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

| | 2005 | 2004 |
|--|-----------|-----------|
| Operation and maintenance services: | | |
| Operation and maintenance: | | |
| Salaries: | | |
| Supervisor | \$ 70,826 | \$ 48,764 |
| Custodial | 1,013,193 | 921,689 |
| Employee benefits: | | |
| Employee insurance | 296,111 | 249,555 |
| Other special leave payments | - | 2,000 |
| Board paid annuities | 1,000 | |
| Retirement | 153,780 | 125,435 |
| Social Security | 82,539 | 74,948 |
| Workers' compensation insurance | 46,805 | 38,938 |
| Unemployment compensation | - | 4 |
| Cash in lieu of benefits | 3,303 | 4,537 |
| Other employee benefits | 4,780 | 4,389 |
| Other professional services | 52,200 | - |
| Local travel | 5,108 | 5,200 |
| Workshops and conferences | 1,679 | 1,646 |
| Telephone | 61,045 | 67,108 |
| Water and sewer | 46,126 | 34,619 |
| Waste and trash disposal | 20,612 | 19,135 |
| Property insurance | 110,524 | 102,274 |
| Vehicle insurance | 1,812 | 2,200 |
| Land/building repair and maintenance | 88,876 | 90,048 |
| Equipment repair and maintenance | 54,021 | 59,002 |
| Vehicle repair and maintenance | 6,985 | 2,582 |
| Equipment rental | 50,222 | 49,423 |
| Technology related equipment | 9,965 | - |
| Heating | 257,421 | 219,792 |
| Electricity | 550,248 | 410,961 |
| Gasoline, oil and grease | 9,113 | 7,776 |
| Vehicle repair parts | 363 | 285 |
| Custodial supplies | 176,062 | 123,320 |
| New equipment and furniture | 43,358 | 3,173 |
| Dues and fees | 1,783 | 1,958 |
| | 3,219,860 | 2,670,761 |
| Security services: | | |
| Contracted services | 49,109 | 44,120 |
| Telephone | 557 | 625 |
| Equipment rental | 2,457 | 2,814 |
| | 52,123 | 47,559 |
| Total operation and maintenance services | 3,271,983 | 2,718,320 |
| Pupil transportation services: | | |
| Pupil transportation: | | |
| Salaries: | | |
| Supervisor | 45,077 | 44,193 |
| Drivers | 570,346 | 494,825 |
| Mechanics | 43,059 | 42,587 |
| Clerical | 3,822 | 4,318 |
| Paraprofessionals | - | 284 |

(Continued)

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

| | 2005 | 2004 |
|-------------------------------------|-----------|-----------|
| Pupil transportation: (Continued) | | |
| Employee benefits: | | |
| Employee insurance | \$ 15,055 | \$ 12,127 |
| Employee physicals | 2,667 | 2,321 |
| Retirement | 96,148 | 76,117 |
| Social Security | 51,614 | 45,188 |
| Workers' compensation insurance | 36,113 | 29,081 |
| Cash in lieu of benefits | 5,018 | 4,481 |
| Other employee benefits | 1,170 | 80 |
| Local travel | 265 | 53 |
| Workshops and conferences | 1,981 | 7,675 |
| Contracted transportation | 6,831 | 8,420 |
| Telephone | 1,221 | 1,358 |
| Vehicle insurance | 10,872 | 8,800 |
| Vehicle repair and maintenance | 40,993 | 54,311 |
| Equipment repair and maintenance | - | 2,596 |
| Gasoline, oil and grease | 89,613 | 65,231 |
| Tires, tubes and batteries | 9,247 | 9,763 |
| Vehicle repair parts | 14,784 | 13,282 |
| Other transportation supplies | 11,164 | 9,127 |
| New furniture and equipment | - | 25,092 |
| New school buses | 265,175 | 209,000 |
| Dues and fees | 195 | 530 |
| Miscellaneous | 1,624 | 558 |
| Total pupil transportation services | 1,324,054 | 1,171,398 |
| Central services: | | |
| Marketing: | | |
| Manager salary | 49,387 | 47,035 |
| Employee benefits: | | |
| Employee insurance | 14,315 | 14,334 |
| Board paid annuities | 3,000 | - |
| Retirement | 8,304 | 6,227 |
| Social Security | 4,134 | 3,598 |
| Workers' compensation insurance | 193 | 94 |
| Other employee benefits | - | 900 |
| Local travel | 1,004 | 869 |
| Workshops and conferences | 443 | 339 |
| Telephone | 493 | 569 |
| Postage and mailings | 8,498 | 10,368 |
| Advertising | 8,083 | 10,476 |
| Printing and binding | 25,798 | 25,939 |
| Miscellaneous supplies | 2,803 | 9,703 |
| | 126,455 | 130,451 |
| Staff services: | | |
| Staff training | 1,500 | - |
| Workshops and conferences | 17,894 | 5,078 |
| Miscellaneous supplies | - | 237 |
| Dues and fees | 2,498 | 888 |
| | 21,892 | 6,203 |

(Continued)

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

| | 2005 | 2004 |
|--------------------------------------|----------------|----------------|
| Technology services: | | |
| Salaries: | | |
| Technology director | \$ 21,087 | \$ - |
| Network administrator | 57,669 | 56,538 |
| Technicians | 47,377 | 56,699 |
| Employee benefits: | | |
| Employee insurance | 29,780 | 31,490 |
| Board paid annuities | 1,000 | - |
| Retirement | 18,113 | 12,275 |
| Social Security | 9,649 | 8,779 |
| Workers' compensation insurance | 345 | 469 |
| Cash in lieu of benefits | - | 1,527 |
| Contracted services | 40,207 | 69,865 |
| Local travel | 1,532 | 1,531 |
| Workshops and conferences | - | 3,826 |
| Telephone | 1,625 | 1,781 |
| Equipment repair and maintenance | 6,611 | 1,764 |
| Internet service provider | 11,844 | 8,246 |
| Supplies | 67,463 | 122,511 |
| New equipment and furniture | 65,432 | 29,929 |
| | <u>379,734</u> | <u>407,230</u> |
| Total central services | 528,081 | 543,884 |
| Community services: | | |
| Community pool: | | |
| Salaries: | | |
| Director | 33,057 | 34,909 |
| Instructors | 81,670 | 76,098 |
| Clerical | 15,366 | 15,333 |
| Teaching assistants | 4,435 | 5,549 |
| Custodial | 25,705 | 31,725 |
| Employee benefits: | | |
| Employee insurance | 27,582 | 22,772 |
| Retirement | 20,443 | 18,762 |
| Social Security | 12,260 | 12,306 |
| Workers' compensation insurance | 2,552 | 2,485 |
| Officials | 570 | 1,285 |
| Local travel | 3,427 | 2,550 |
| Workshops and conferences | 150 | 255 |
| Telephone | 542 | 422 |
| Postage and mailing | - | 85 |
| Printing and binding | 67 | - |
| Water and sewage | 4,181 | 4,036 |
| Land/building repair and maintenance | 3,858 | - |
| Equipment repair and maintenance | 8,211 | 7,365 |
| Supplies | 14,388 | 15,846 |
| Heating | 20,325 | 19,549 |
| Electricity | 44,884 | 44,431 |
| New equipment and furniture | - | 2,699 |
| Dues and fees | 979 | 683 |
| | <u>324,652</u> | <u>319,145</u> |

(Continued)

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

| | 2005 | 2004 |
|--|-----------------------------|-----------------------------|
| Byron Center television: | | |
| Salaries: | | |
| Director | \$ 29,244 | \$ 22,188 |
| Paraprofessionals | 17,116 | 22,218 |
| Employee benefits: | | |
| Employee insurance | 9,260 | 6,162 |
| Retirement | 6,345 | 5,428 |
| Social Security | 3,547 | 3,397 |
| Workers' compensation insurance | 117 | 96 |
| Equipment repair and maintenance | 1,016 | 1,801 |
| Vehicle repair and maintenance | 933 | 2,444 |
| Teaching supplies | 1,672 | 1,674 |
| Gasoline, oil and grease | 153 | 165 |
| Miscellaneous supplies | 640 | 2,403 |
| New equipment and furniture | 7,466 | 4,161 |
| | <u>77,509</u> | <u>72,137</u> |
| Wellness services: | | |
| Contracted services | - | 14,400 |
| Miscellaneous supplies | - | 33 |
| Miscellaneous | - | 377 |
| | <u>-</u> | <u>14,810</u> |
| Non-public school pupils: | | |
| Local travel | 260 | - |
| Workshops and conferences | 2,624 | - |
| Supplies | 232 | - |
| | <u>3,116</u> | <u>-</u> |
| Driver education: | | |
| Teachers salaries | - | 18,540 |
| Employee benefits: | | |
| Retirement | - | 2,733 |
| Social Security | - | 1,610 |
| Workers' compensation insurance | - | 88 |
| Vehicle insurance | - | 396 |
| Equipment repair and maintenance | - | 2,518 |
| Equipment rental | - | 8,345 |
| Teaching supplies | - | 1,135 |
| | <u>-</u> | <u>35,365</u> |
| Total community services | 405,277 | 441,457 |
| Debt service: | | |
| Principal repayment | 67,664 | 33,126 |
| Interest and fiscal charges | 9,013 | 2,914 |
| Total debt service | <u>76,677</u> | <u>36,040</u> |
| Interdistrict: | | |
| Special education - tuition | 264,205 | 403,448 |
| Special education - transportation | 541,850 | 451,210 |
| Special education - itinerant services | 788,246 | - |
| Special education services | 47,961 | 40,490 |
| Total interdistrict | <u>1,642,262</u> | <u>895,148</u> |
| Total Expenditures | <u><u>\$ 25,821,662</u></u> | <u><u>\$ 23,619,708</u></u> |

NONMAJOR FUNDS

BYRON CENTER PUBLIC SCHOOLS
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2005

| Assets | Special Revenue | | | |
|--|------------------|-----------------|----------------------|----------------------------------|
| | Food Service | Athletics | Community Service | VanSingel Fine Arts Center |
| Cash equivalents | \$ 50,660 | \$ 5,389 | \$ 96,035 | \$ 165,853 |
| Deposits | - | - | - | - |
| Receivables: | | | | |
| Taxes | - | - | - | - |
| Accounts | 273 | - | 2,282 | - |
| Due from other funds | - | 3,090 | 6,852 | - |
| Due from other governmental units | 7,711 | - | - | - |
| Inventory | 10,561 | - | - | - |
| Prepaid expenditures | - | - | - | 25,375 |
| Total Assets | \$ 69,205 | \$ 8,479 | \$ 105,169 | \$ 191,228 |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 108 | \$ 3,090 | \$ - | \$ - |
| Due to other funds | 56,508 | 644 | 565 | - |
| Deferred revenue | 7,589 | - | 55,870 | 41,540 |
| Total Liabilities | 64,205 | 3,734 | 56,435 | 41,540 |
| Fund Balances | | | | |
| Reserved for debt service | - | - | - | - |
| Reserved for capital outlay | - | - | - | - |
| Unreserved: | | | | |
| Undesignated | 5,000 | 4,745 | 48,734 | 149,688 |
| Total Fund Balances | 5,000 | 4,745 | 48,734 | 149,688 |
| Total Liabilities and Fund Balances | \$ 69,205 | \$ 8,479 | \$ 105,169 | \$ 191,228 |

| Debt Service | | | | | Capital Projects | | |
|------------------|------------------|-------------------|------------------|------------------|----------------------|----------------------|--------------------|
| 1995 | 1997 | 1998 | 2001 | 2005 | Building and Site | 1997 Construction | Total |
| \$ 65,394 | \$ 49,428 | \$ 128,844 | \$ 9,810 | \$ 35,113 | \$ 30,136 | \$ - | \$ 636,662 |
| - | - | - | - | - | 275,000 | - | 275,000 |
| 11,316 | 6,658 | 16,882 | 29,038 | 83 | 9,153 | - | 73,130 |
| - | - | - | - | - | 9,097 | - | 11,652 |
| - | - | - | - | - | - | - | 9,942 |
| - | - | - | - | - | - | - | 7,711 |
| - | - | - | - | - | - | - | 10,561 |
| - | - | - | - | - | - | - | 25,375 |
| <u>\$ 76,710</u> | <u>\$ 56,086</u> | <u>\$ 145,726</u> | <u>\$ 38,848</u> | <u>\$ 35,196</u> | <u>\$ 323,386</u> | <u>\$ -</u> | <u>\$1,050,033</u> |
| | | | | | | | |
| \$ - | \$ - | \$ 300 | \$ - | \$ - | \$ 334,612 | \$ - | 338,110 |
| - | - | - | - | - | - | - | 57,717 |
| 11,316 | 6,658 | 16,882 | 29,038 | 83 | 9,153 | - | 178,129 |
| 11,316 | 6,658 | 17,182 | 29,038 | 83 | 343,765 | - | 573,956 |
| 65,394 | 49,428 | 128,544 | 9,810 | 35,113 | - | - | 288,289 |
| - | - | - | - | - | (20,379) | - | (20,379) |
| - | - | - | - | - | - | - | 208,167 |
| 65,394 | 49,428 | 128,544 | 9,810 | 35,113 | (20,379) | - | 476,077 |
| <u>\$ 76,710</u> | <u>\$ 56,086</u> | <u>\$ 145,726</u> | <u>\$ 38,848</u> | <u>\$ 35,196</u> | <u>\$ 323,386</u> | <u>\$ -</u> | <u>\$1,050,033</u> |

BYRON CENTER PUBLIC SCHOOLS
Combining Schedule of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the year ended June 30, 2005

| | Special Revenue | | | |
|--|-----------------|------------------|----------------------|----------------------------------|
| | Food Service | Athletics | Community Service | VanSingel Fine Arts Center |
| Revenues | | | | |
| Local sources: | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| Interest earnings | 574 | 224 | 887 | 1,701 |
| Sales and admissions | 633,986 | 185,112 | - | 151,218 |
| Other local sources | - | - | 598,926 | 134,816 |
| Total local sources | 634,560 | 185,336 | 599,813 | 287,735 |
| State sources | 55,590 | - | - | - |
| Federal sources | 273,861 | - | - | - |
| Interdistrict sources | - | - | - | 73,395 |
| Total Revenues | 964,011 | 185,336 | 599,813 | 361,130 |
| Expenditures | | | | |
| Current: | | | | |
| Community services | - | - | 597,250 | 339,836 |
| Food service | 970,548 | - | - | - |
| Athletics | - | 601,768 | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal repayment | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Bond issuance costs | - | - | - | - |
| Underwriter's discount | - | - | - | - |
| Total Expenditures | 970,548 | 601,768 | 597,250 | 339,836 |
| Excess (Deficiency) of Revenues Over Expenditures | (6,537) | (416,432) | 2,563 | 21,294 |
| Other Financing Sources (Uses) | | | | |
| Refunding bonds issued | - | - | - | - |
| Bond premium | - | - | - | - |
| Loan proceeds | - | - | - | - |
| Transfers in | 6,537 | 405,609 | 6,852 | 12,153 |
| Other | - | - | - | - |
| Payments to escrow agent | - | - | - | - |
| Transfers out | - | - | - | - |
| Total Other Financing Sources (Uses) | 6,537 | 405,609 | 6,852 | 12,153 |
| Net Change in Fund Balances | - | (10,823) | 9,415 | 33,447 |
| Fund Balances, July 1 | 5,000 | 15,568 | 39,319 | 116,241 |
| Fund Balances, June 30 | \$ 5,000 | \$ 4,745 | \$ 48,734 | \$ 149,688 |

| Debt Service | | | | | Capital Projects | | |
|--------------|-------------|-------------|-------------|-----------|-------------------|-------------------|-------------|
| 1995 | 1997 | 1998 | 2001 | 2005 | Building and Site | 1997 Construction | Total |
| \$1,179,041 | \$ 451,863 | \$1,327,044 | \$1,946,736 | \$35,065 | \$ 694,087 | \$ - | \$5,633,836 |
| 6,722 | 2,039 | 4,944 | 4,315 | 294 | 13,143 | 26 | 34,869 |
| - | - | - | - | - | - | - | 970,316 |
| - | - | - | - | - | 40,026 | - | 773,768 |
| 1,185,763 | 453,902 | 1,331,988 | 1,951,051 | 35,359 | 747,256 | 26 | 7,412,789 |
| - | - | - | - | - | - | - | 55,590 |
| - | - | - | - | - | - | - | 273,861 |
| - | - | - | - | - | - | - | 73,395 |
| 1,185,763 | 453,902 | 1,331,988 | 1,951,051 | 35,359 | 747,256 | 26 | 7,815,635 |
| - | - | - | - | - | - | - | 937,086 |
| - | - | - | - | - | - | - | 970,548 |
| - | - | - | - | - | - | - | 601,768 |
| - | - | - | - | - | 1,364,210 | 9,097 | 1,373,307 |
| 895,000 | 200,000 | 105,000 | 1,050,000 | - | - | - | 2,250,000 |
| 307,465 | 151,021 | 1,213,282 | 2,331,162 | 246 | - | - | 4,003,176 |
| 13,502 | 53,828 | - | - | - | - | - | 67,330 |
| 7,665 | 29,925 | - | - | - | - | - | 37,590 |
| 1,223,632 | 434,774 | 1,318,282 | 3,381,162 | 246 | 1,364,210 | 9,097 | 10,240,805 |
| (37,869) | 19,128 | 13,706 | (1,430,111) | 35,113 | (616,954) | (9,071) | (2,425,170) |
| 1,095,000 | 4,275,000 | - | - | - | - | - | 5,370,000 |
| 22,930 | 87,535 | - | - | - | - | - | 110,465 |
| - | - | - | 1,414,500 | - | - | - | 1,414,500 |
| - | - | - | - | - | - | - | 431,151 |
| 785 | 3,140 | - | - | - | - | - | 3,925 |
| (1,128,763) | (4,386,781) | - | - | - | - | - | (5,515,544) |
| - | - | - | - | - | - | (5) | (5) |
| (10,048) | (21,106) | - | 1,414,500 | - | - | (5) | 1,814,492 |
| (47,917) | (1,978) | 13,706 | (15,611) | 35,113 | (616,954) | (9,076) | (610,678) |
| 113,311 | 51,406 | 114,838 | 25,421 | - | 596,575 | 9,076 | 1,086,755 |
| \$ 65,394 | \$ 49,428 | \$ 128,544 | \$ 9,810 | \$ 35,113 | \$ (20,379) | \$ - | \$ 476,077 |

BYRON CENTER PUBLIC SCHOOLS
Food Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2005

| | 2005 | | | 2004 |
|--|------------------------|------------------------|--------------------------------------|------------------------|
| | Budget | Actual | Variance - Positive (Negative) | Actual |
| Revenues | | | | |
| Local sources | \$ 626,094 | \$ 634,560 | \$ 8,466 | \$ 536,717 |
| State sources | 46,500 | 55,590 | 9,090 | 48,808 |
| Federal sources | 277,464 | 273,861 | (3,603) | 240,586 |
| Total Revenues | <u>950,058</u> | <u>964,011</u> | <u>13,953</u> | <u>826,111</u> |
| Expenditures | | | | |
| Current: | | | | |
| Food service | <u>948,091</u> | <u>970,548</u> | <u>(22,457)</u> | <u>846,481</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>1,967</u> | <u>(6,537)</u> | <u>(8,504)</u> | <u>(20,370)</u> |
| Other Financing Sources | | | | |
| Transfers in | <u>-</u> | <u>6,537</u> | <u>6,537</u> | <u>20,370</u> |
| Net Change in Fund Balances | <u>1,967</u> | <u>-</u> | <u>(1,967)</u> | <u>-</u> |
| Fund Balances, July 1 | <u>5,000</u> | <u>5,000</u> | <u>-</u> | <u>5,000</u> |
| Fund Balances, June 30 | <u><u>\$ 6,967</u></u> | <u><u>\$ 5,000</u></u> | <u><u>\$ (1,967)</u></u> | <u><u>\$ 5,000</u></u> |

BYRON CENTER PUBLIC SCHOOLS
Athletics Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2005

| | 2005 | | | 2004 |
|--|---------------|-----------------|--------------------------------------|------------------|
| | Budget | Actual | Variance - Positive (Negative) | Actual |
| Revenues | | | | |
| Local sources | \$ 177,742 | \$ 185,336 | \$ 7,594 | \$ 174,831 |
| Expenditures | | | | |
| Current: | | | | |
| Athletics | 611,329 | 601,768 | 9,561 | 593,691 |
| Excess (Deficiency) of Revenues Over Expenditures | (433,587) | (416,432) | 17,155 | (418,860) |
| Other Financing Sources | | | | |
| Transfers in | 418,218 | 405,609 | (12,609) | 411,810 |
| Net Change in Fund Balances | (15,369) | (10,823) | 4,546 | (7,050) |
| Fund Balances, July 1 | 15,568 | 15,568 | - | 22,618 |
| Fund Balances, June 30 | <u>\$ 199</u> | <u>\$ 4,745</u> | <u>\$ 4,546</u> | <u>\$ 15,568</u> |

BYRON CENTER PUBLIC SCHOOLS
Community Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2005

| | 2005 | | | 2004 |
|--|------------------|------------------|--------------------------------------|------------------|
| | Budget | Actual | Variance - Positive (Negative) | Actual |
| Revenues | | | | |
| Local sources | \$ 607,453 | \$ 599,813 | \$ (7,640) | \$ 539,839 |
| Expenditures | | | | |
| Current: | | | | |
| Community services | 620,176 | 597,250 | 22,926 | 550,226 |
| Excess (Deficiency) of Revenues Over Expenditures | (12,723) | 2,563 | 15,286 | (10,387) |
| Other Financing Sources | | | | |
| Transfers in | 22,973 | 6,852 | (16,121) | 15,871 |
| Net Change in Fund Balances | 10,250 | 9,415 | (835) | 5,484 |
| Fund Balances, July 1 | 39,319 | 39,319 | - | 33,835 |
| Fund Balances, June 30 | <u>\$ 49,569</u> | <u>\$ 48,734</u> | <u>\$ (835)</u> | <u>\$ 39,319</u> |

BYRON CENTER PUBLIC SCHOOLS
VanSingel Fine Arts Center Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2005

| | 2005 | | | 2004 |
|---|--------------------------|--------------------------|--------------------------------------|--------------------------|
| | Budget | Actual | Variance - Positive (Negative) | Actual |
| Revenues | | | | |
| Local sources | \$ 288,397 | \$ 287,735 | \$ (662) | \$ 331,646 |
| Interdistrict sources | 73,395 | 73,395 | - | 70,277 |
| Total Revenues | <u>361,792</u> | <u>361,130</u> | <u>(662)</u> | <u>401,923</u> |
| Expenditures | | | | |
| Current: | | | | |
| Community services | <u>354,150</u> | <u>339,836</u> | <u>14,314</u> | <u>371,834</u> |
| Excess of Revenues Over Expenditures | <u>7,642</u> | <u>21,294</u> | <u>13,652</u> | <u>30,089</u> |
| Other Financing Sources | | | | |
| Transfers in | <u>12,153</u> | <u>12,153</u> | <u>-</u> | <u>11,912</u> |
| Net Change in Fund Balances | <u>19,795</u> | <u>33,447</u> | <u>13,652</u> | <u>42,001</u> |
| Fund Balances, July 1 | <u>116,241</u> | <u>116,241</u> | <u>-</u> | <u>74,240</u> |
| Fund Balances, June 30 | <u><u>\$ 136,036</u></u> | <u><u>\$ 149,688</u></u> | <u><u>\$ 13,652</u></u> | <u><u>\$ 116,241</u></u> |

SPECIAL REVENUE FUNDS

Food Service—to account for monies received from food service activities and federal subsidies for use in administering the hot lunch program of the District.

Athletics—to account for activity receipts and General Fund contributions used in administering the athletic program of the District.

Community Service—to account for fees received for use in childcare and preschool services for residents of the District.

Van Singel Fine Arts Center—to account for admission fees, donations and interest earnings for use in the operation and maintenance of the District's fine arts performance center.

BYRON CENTER PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Balance Sheet
June 30, 2005 and 2004

| | <u>2005</u> | <u>2004</u> |
|--|-------------------------|-------------------------|
| Assets | | |
| Cash equivalents | \$ 50,660 | \$ - |
| Investments | - | 35,581 |
| Accounts receivable | 273 | - |
| Due from other funds | - | 20,370 |
| Due from other governmental units | 7,711 | 6,571 |
| Inventory | <u>10,561</u> | <u>13,819</u> |
| Total Assets | <u><u>\$ 69,205</u></u> | <u><u>\$ 76,341</u></u> |
| Liabilities and Fund Balances | | |
| Liabilities | | |
| Accounts payable | \$ 108 | \$ - |
| Due to other funds | 56,508 | 65,548 |
| Deferred revenue | <u>7,589</u> | <u>5,793</u> |
| Total Liabilities | <u>64,205</u> | <u>71,341</u> |
| Fund Balances | | |
| Unreserved: | | |
| Undesignated | <u>5,000</u> | <u>5,000</u> |
| Total Liabilities and Fund Balances | <u><u>\$ 69,205</u></u> | <u><u>\$ 76,341</u></u> |

BYRON CENTER PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2005 and 2004

| | 2005 | 2004 |
|--|----------------|-----------------|
| Revenues | | |
| Local sources: | | |
| Sales and admissions: | | |
| Children's breakfasts | \$ 7,142 | \$ 6,134 |
| Children's lunches | 405,486 | 349,568 |
| Adult lunches | 24,447 | 23,449 |
| Milk sales | 10,566 | 8,668 |
| Ala carte | 135,681 | 111,905 |
| Catering | 47,366 | 35,757 |
| Other | 3,298 | 874 |
| | <u>633,986</u> | <u>536,355</u> |
| Interest earnings: | | |
| Interest on deposits and investments | 574 | 362 |
| Total local sources | <u>634,560</u> | <u>536,717</u> |
| State sources | 55,590 | 48,808 |
| Federal sources | <u>273,861</u> | <u>240,586</u> |
| Total Revenues | <u>964,011</u> | <u>826,111</u> |
| Expenditures | | |
| Current: | | |
| Food service: | | |
| Salaries: | | |
| Supervisor | 45,077 | 44,193 |
| Food service | 297,310 | 266,142 |
| Employee benefits: | | |
| Employee insurance | 24,648 | 27,692 |
| Retirement | 48,465 | 38,672 |
| Social Security | 27,318 | 24,707 |
| Workers' compensation insurance | 6,855 | 5,895 |
| Cash in lieu of benefits | 14,818 | 12,623 |
| Local travel | 576 | 867 |
| Workshops and conferences | 1,573 | 1,186 |
| Telephone | 493 | 564 |
| Printing and binding | 111 | - |
| Equipment repair and maintenance | 14,739 | 7,478 |
| Equipment rental | 2,884 | 2,751 |
| Food | 432,339 | 367,545 |
| Uniforms | 3,388 | 3,271 |
| Cleaning and other supplies | 1,783 | 1,672 |
| Other supplies and materials | 42,436 | 35,435 |
| New equipment and furniture | - | 309 |
| Dues and fees | 3,539 | 3,132 |
| Miscellaneous | <u>2,196</u> | <u>2,347</u> |
| Total Expenditures | <u>970,548</u> | <u>846,481</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(6,537)</u> | <u>(20,370)</u> |

(Continued)

BYRON CENTER PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2005 and 2004

| | <u>2005</u> | <u>2004</u> |
|------------------------------------|------------------------|------------------------|
| Other Financing Sources | | |
| Transfers in | <u>\$ 6,537</u> | <u>\$ 20,370</u> |
| Net Change in Fund Balances | - | - |
| Fund Balances, July 1 | <u>5,000</u> | <u>5,000</u> |
| Fund Balances, June 30 | <u><u>\$ 5,000</u></u> | <u><u>\$ 5,000</u></u> |

BYRON CENTER PUBLIC SCHOOLS
Athletics Special Revenue Fund
Comparative Balance Sheet
June 30, 2005 and 2004

| | 2005 | 2004 |
|--|------------------------|-------------------------|
| Assets | | |
| Cash equivalents | \$ 5,389 | \$ - |
| Investments | - | 13,557 |
| Due from other funds | 3,090 | 2,011 |
| | <u>3,090</u> | <u>2,011</u> |
| Total Assets | <u><u>\$ 8,479</u></u> | <u><u>\$ 15,568</u></u> |
| Liabilities and Fund Balances | | |
| Liabilities | | |
| Accounts payable | \$ 3,090 | \$ - |
| Due to other funds | 644 | - |
| | <u>3,734</u> | <u>-</u> |
| Total Liabilities | <u>3,734</u> | <u>-</u> |
| Fund Balances | | |
| Unreserved: | | |
| Undesignated | 4,745 | 15,568 |
| | <u>4,745</u> | <u>15,568</u> |
| Total Liabilities and Fund Balances | <u><u>\$ 8,479</u></u> | <u><u>\$ 15,568</u></u> |

BYRON CENTER PUBLIC SCHOOLS
Athletics Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2005 and 2004

| | 2005 | 2004 |
|--|------------|------------|
| Revenues | | |
| Local sources: | | |
| Sales and admissions: | | |
| Gate receipts | \$ 113,010 | \$ 110,129 |
| Fees | 10,621 | 9,610 |
| Rental of school facilities | 19,257 | 18,166 |
| Donations | 19,656 | 31,321 |
| Vending sales | 4,783 | 5,139 |
| Other revenue | 17,785 | 154 |
| | 185,112 | 174,519 |
| Interest earnings: | | |
| Interest on deposits and investments | 224 | 312 |
| Total Revenues | 185,336 | 174,831 |
| Expenditures | | |
| Current: | | |
| Athletics: | | |
| Salaries: | | |
| Director | 68,759 | 67,411 |
| Trainer | - | 33,454 |
| Coaches | 201,383 | 188,944 |
| Clerical | 17,283 | 17,402 |
| Other | 12,148 | 7,046 |
| Employee benefits: | | |
| Employee insurance | 8,111 | 9,171 |
| Retirement | 42,924 | 40,065 |
| Social Security | 23,556 | 24,671 |
| Workers' compensation insurance | 1,159 | 672 |
| Cash in lieu of benefits | 4,702 | 7,921 |
| Contracted services | 25,992 | 2,594 |
| Officials | 28,049 | 29,381 |
| Ambulance service | 3,517 | 699 |
| Local travel | 1,770 | 1,247 |
| Workshops and conferences | 1,873 | 115 |
| Telephone | 1,178 | 2,011 |
| Printing and binding | - | 230 |
| Equipment repair and maintenance | 8,329 | 6,528 |
| Supplies | 19,354 | 15,550 |
| Uniforms | 48,773 | 40,715 |
| Resale supplies | 28,824 | 27,036 |
| New equipment and furniture | 4,470 | 17,166 |
| Dues and fees | 15,059 | 15,715 |
| Tournament and entry fees | 20,966 | 20,508 |
| Awards | 7,419 | 10,905 |
| Clinics | 2,069 | 1,590 |
| Banquets | 4,101 | 4,944 |
| Total Expenditures | 601,768 | 593,691 |
| Excess (Deficiency) of Revenues Over Expenditures | (416,432) | (418,860) |

(Continued)

BYRON CENTER PUBLIC SCHOOLS
Athletics Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2005 and 2004

| | <u>2005</u> | <u>2004</u> |
|------------------------------------|------------------------|-------------------------|
| Other Financing Sources | | |
| Transfers in | \$ 405,609 | \$ 411,810 |
| Net Change in Fund Balances | (10,823) | (7,050) |
| Fund Balances, July 1 | <u>15,568</u> | <u>22,618</u> |
| Fund Balances, June 30 | <u><u>\$ 4,745</u></u> | <u><u>\$ 15,568</u></u> |

BYRON CENTER PUBLIC SCHOOLS
Community Service Special Revenue Fund
Comparative Balance Sheet
June 30, 2005 and 2004

| | <u>2005</u> | <u>2004</u> |
|--|--------------------------|-------------------------|
| Assets | | |
| Cash equivalents | \$ 96,035 | \$ - |
| Investments | - | 66,389 |
| Accounts receivable | 2,282 | - |
| Due from other funds | <u>6,852</u> | <u>15,871</u> |
| Total Assets | <u><u>\$ 105,169</u></u> | <u><u>\$ 82,260</u></u> |
| Liabilities and Fund Balances | | |
| Liabilities | | |
| Due to other funds | \$ 565 | \$ 316 |
| Deferred revenue | <u>55,870</u> | <u>42,625</u> |
| Total Liabilities | <u>56,435</u> | <u>42,941</u> |
| Fund Balances | | |
| Unreserved: | | |
| Undesignated | <u>48,734</u> | <u>39,319</u> |
| Total Liabilities and Fund Balances | <u><u>\$ 105,169</u></u> | <u><u>\$ 82,260</u></u> |

BYRON CENTER PUBLIC SCHOOLS
Community Service Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2005 and 2004

| | 2005 | 2004 |
|--------------------------------------|----------------|----------------|
| Revenues | | |
| Local sources: | | |
| Other local sources: | | |
| Preschool fees | \$ 94,202 | \$ 68,581 |
| Driver education fees | 34,339 | 11,767 |
| Daycare fees | 467,604 | 432,703 |
| Leisure time fees | 1,866 | 24,972 |
| Fund raising | 428 | 321 |
| Miscellaneous | 487 | 750 |
| | <u>598,926</u> | <u>539,094</u> |
| Interest earnings: | | |
| Interest on deposits and investments | 887 | 745 |
| | <u>887</u> | <u>745</u> |
| Total Revenues | <u>599,813</u> | <u>539,839</u> |
| Expenditures | | |
| Current: | | |
| Community services: | | |
| Child care: | | |
| Salaries: | | |
| Supervisor | 37,271 | 36,540 |
| Clerical | 11,486 | 11,831 |
| Paraprofessionals | 266,707 | 233,811 |
| Custodian | 2,224 | 14,346 |
| Employee benefits: | | |
| Employee insurance | 61,142 | 62,167 |
| Retirement | 39,189 | 35,585 |
| Social Security | 24,352 | 21,184 |
| Workers' compensation insurance | 1,114 | 1,153 |
| Unemployment compensation | 12,751 | - |
| Cash in lieu of benefits | 807 | 837 |
| Local travel | 63 | 214 |
| Workshops and conferences | - | 905 |
| Field trips | 434 | 1,244 |
| Telephone | 1,550 | 2,010 |
| Utilities | 8,157 | 13,338 |
| Equipment repair and maintenance | 458 | 8 |
| Teaching supplies | 483 | 1,437 |
| Food | 4,912 | 9,858 |
| Office supplies | 103 | 900 |
| Miscellaneous supplies | 1,502 | 923 |
| New equipment and furniture | - | 1,402 |
| Dues and fees | 665 | - |
| Bank charges | 2,900 | 2,197 |
| | <u>478,270</u> | <u>451,890</u> |
| Preschool: | | |
| Salaries: | | |
| Supervisor | 4,000 | - |
| Teachers | 38,709 | 29,383 |
| Paraprofessionals | 21,978 | 16,337 |
| Custodian | - | 3,951 |
| Substitutes | 450 | 450 |

(Continued)

BYRON CENTER PUBLIC SCHOOLS
Community Service Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2005 and 2004

| | 2005 | 2004 |
|--|-------------------------|-------------------------|
| Preschool: (Continued) | | |
| Employee benefits: | | |
| Employee insurance | \$ 55 | \$ 2,595 |
| Retirement | 9,596 | 6,454 |
| Social Security | 4,981 | 3,831 |
| Workers' compensation insurance | 150 | 228 |
| Workshops and conferences | - | 230 |
| Teaching supplies | 1,254 | 186 |
| Miscellaneous | - | 650 |
| | <u>81,173</u> | <u>64,295</u> |
| Leisure time: | | |
| Other salaries | 538 | 15,815 |
| Employee benefits: | | |
| Retirement | 70 | 1,665 |
| Social Security | 41 | 1,051 |
| Workers' compensation insurance | 55 | - |
| Purchased services | - | 3,725 |
| Supplies | 2,764 | - |
| Miscellaneous | - | 18 |
| | <u>3,468</u> | <u>22,274</u> |
| Driver education: | | |
| Salaries: | | |
| Supervisor | 2,500 | - |
| Teachers | 16,878 | 8,068 |
| Employee benefits: | | |
| Retirement | 2,662 | 1,048 |
| Social Security | 1,482 | 617 |
| Workers' compensation insurance | 84 | - |
| Vehicle repair and maintenance | 3,267 | 372 |
| Vehicle lease | 6,328 | - |
| Teaching supplies | 150 | 25 |
| Textbooks | - | 1,525 |
| Gasoline, oil and grease | 988 | 112 |
| | <u>34,339</u> | <u>11,767</u> |
| Total Expenditures | <u>597,250</u> | <u>550,226</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>2,563</u> | <u>(10,387)</u> |
| Other Financing Sources | | |
| Transfers in | <u>6,852</u> | <u>15,871</u> |
| Net Change in Fund Balances | <u>9,415</u> | <u>5,484</u> |
| Fund Balances, July 1 | <u>39,319</u> | <u>33,835</u> |
| Fund Balances, June 30 | <u><u>\$ 48,734</u></u> | <u><u>\$ 39,319</u></u> |

BYRON CENTER PUBLIC SCHOOLS
VanSingel Fine Arts Center Special Revenue Fund
Comparative Balance Sheet
June 30, 2005 and 2004

| | <u>2005</u> | <u>2004</u> |
|--|--------------------------|--------------------------|
| Assets | | |
| Cash equivalents | \$ 165,853 | \$ - |
| Investments | - | 93,965 |
| Due from other funds | - | 11,912 |
| Due from other governmental units | - | 18,221 |
| Prepaid expenditures | <u>25,375</u> | <u>8,725</u> |
| Total Assets | <u><u>\$ 191,228</u></u> | <u><u>\$ 132,823</u></u> |
| Liabilities and Fund Balances | | |
| Liabilities | | |
| Deferred revenue | <u>\$ 41,540</u> | <u>\$ 16,582</u> |
| Fund Balances | | |
| Unreserved: | | |
| Undesignated | <u>149,688</u> | <u>116,241</u> |
| Total Liabilities and Fund Balances | <u><u>\$ 191,228</u></u> | <u><u>\$ 132,823</u></u> |

BYRON CENTER PUBLIC SCHOOLS
VanSingel Fine Arts Center Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2005 and 2004

| | 2005 | 2004 |
|--------------------------------------|----------------|----------------|
| Revenues | | |
| Local sources: | | |
| Interest earnings: | | |
| Interest on deposits and investments | \$ 1,701 | \$ 1,707 |
| Sales and admissions: | | |
| Ticket sales | 151,218 | 169,404 |
| Other local sources: | | |
| Advertising | 5,620 | 6,640 |
| Rental of facilities | 25,780 | 38,027 |
| Donations | 96,562 | 109,957 |
| Miscellaneous | 6,854 | 5,911 |
| | <u>134,816</u> | <u>160,535</u> |
| Total local sources | 287,735 | 331,646 |
| Interdistrict sources: | | |
| Theater arts program | 73,395 | 70,277 |
| Total Revenues | <u>361,130</u> | <u>401,923</u> |
| Expenditures | | |
| Current: | | |
| Community services: | | |
| Community and special projects: | | |
| Salaries: | | |
| Technical director | 17,283 | 31,147 |
| Teachers | 49,836 | 48,668 |
| Administrative assistant | 35,449 | 37,395 |
| Support personnel | 20,472 | 27,101 |
| Employee benefits: | | |
| Employee insurance | 12,670 | 14,176 |
| Retirement | 16,332 | 16,392 |
| Social Security | 9,301 | 11,046 |
| Workers' compensation insurance | 443 | 246 |
| Production hospitality | 13,557 | 9,483 |
| Contracted services | 12,690 | 13,574 |
| Travel and lodging | 157 | 364 |
| Postage and mailing | 9,726 | 8,117 |
| Advertising | 16,448 | 7,672 |
| Printing and binding | 15,528 | 16,236 |
| Utilities | 12,153 | 11,912 |
| Building repair and maintenance | - | 1,578 |
| Equipment repair and maintenance | 1,327 | 1,778 |
| Equipment rental | 1,583 | 3,404 |
| Production contracts | 75,500 | 87,082 |
| Teaching supplies | 168 | 409 |
| Office supplies | 1,569 | 1,831 |
| Other supplies and materials | 9,909 | 11,882 |
| New furniture and equipment | 4,086 | 5,621 |

(Continued)

BYRON CENTER PUBLIC SCHOOLS
VanSingel Fine Arts Center Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2005 and 2004

| | 2005 | 2004 |
|---|-------------------|-------------------|
| Community and special projects: (Continued) | | |
| Dues and fees | \$ 1,566 | \$ 1,734 |
| Bank charges and fees | 2,238 | 2,986 |
| Miscellaneous | 181 | - |
| Total Expenditures | 339,836 | 371,834 |
| Excess of Revenues Over Expenditures | 21,294 | 30,089 |
| Other Financing Sources | | |
| Transfers in | 12,153 | 11,912 |
| Net Change in Fund Balances | 33,447 | 42,001 |
| Fund Balances, July 1 | 116,241 | 74,240 |
| Fund Balances, June 30 | \$ 149,688 | \$ 116,241 |

DEBT SERVICE FUNDS

Debt Service Funds—To accumulate property tax revenues and interest earnings for repayment of the bond issues of the District used to finance new building construction projects.

BYRON CENTER PUBLIC SCHOOLS
Debt Service Funds
Combining Balance Sheet
June 30, 2005

| | <u>1995</u> | <u>1997</u> | <u>1998</u> | <u>2001</u> |
|--|-------------------------|-------------------------|--------------------------|-------------------------|
| Assets | | | | |
| Cash equivalents | \$ 65,394 | \$ 49,428 | \$ 128,844 | \$ 9,810 |
| Investments | - | - | - | - |
| Taxes receivable | <u>11,316</u> | <u>6,658</u> | <u>16,882</u> | <u>29,038</u> |
| Total Assets | <u><u>\$ 76,710</u></u> | <u><u>\$ 56,086</u></u> | <u><u>\$ 145,726</u></u> | <u><u>\$ 38,848</u></u> |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ - | \$ 300 | \$ - |
| Deferred revenue | <u>11,316</u> | <u>6,658</u> | <u>16,882</u> | <u>29,038</u> |
| Total Liabilities | <u>11,316</u> | <u>6,658</u> | <u>17,182</u> | <u>29,038</u> |
| Fund Balances | | | | |
| Reserved for debt service | <u>65,394</u> | <u>49,428</u> | <u>128,544</u> | <u>9,810</u> |
| Total Liabilities and Fund Balances | <u><u>\$ 76,710</u></u> | <u><u>\$ 56,086</u></u> | <u><u>\$ 145,726</u></u> | <u><u>\$ 38,848</u></u> |

| 2005 | Totals | |
|------------------|-------------------|-------------------|
| | 2005 | 2004 |
| \$ 35,113 | \$ 288,589 | \$ - |
| - | - | 304,976 |
| 83 | 63,977 | 90,925 |
| <u>\$ 35,196</u> | <u>\$ 352,566</u> | <u>\$ 395,901</u> |

| | | |
|------------------|-------------------|-------------------|
| \$ - | \$ 300 | \$ - |
| 83 | 63,977 | 90,925 |
| <u>83</u> | <u>64,277</u> | <u>90,925</u> |
| 35,113 | 288,289 | 304,976 |
| <u>\$ 35,196</u> | <u>\$ 352,566</u> | <u>\$ 395,901</u> |

BYRON CENTER PUBLIC SCHOOLS
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2005

| | 1995 | 1997 | 1998 | 2001 |
|--|--------------------|--------------------|-------------------|--------------------|
| Revenues | | | | |
| Local sources: | | | | |
| Property taxes: | | | | |
| Current property taxes | \$ 1,168,150 | \$ 447,222 | \$ 1,315,047 | \$ 1,930,835 |
| Industrial facilities taxes | 6,419 | 2,411 | 7,081 | 10,396 |
| Delinquent property taxes | 2,971 | 1,651 | 3,256 | 3,312 |
| Interest on delinquent taxes | 1,501 | 579 | 1,660 | 2,193 |
| | <u>1,179,041</u> | <u>451,863</u> | <u>1,327,044</u> | <u>1,946,736</u> |
| Interest earnings: | | | | |
| Interest on deposits and investments | 6,722 | 2,039 | 4,944 | 4,315 |
| | <u>6,722</u> | <u>2,039</u> | <u>4,944</u> | <u>4,315</u> |
| Total Revenues | <u>1,185,763</u> | <u>453,902</u> | <u>1,331,988</u> | <u>1,951,051</u> |
| Expenditures | | | | |
| Debt service: | | | | |
| Principal repayment | 895,000 | 200,000 | 105,000 | 1,050,000 |
| Interest and fiscal charges: | | | | |
| Interest expense | 306,498 | 150,500 | 1,212,363 | 2,330,250 |
| Paying agent fees | 400 | 300 | 300 | 250 |
| Tax refunds | 567 | 221 | 619 | 662 |
| Bond issuance costs | 13,502 | 53,828 | - | - |
| Underwriter's discount | 7,665 | 29,925 | - | - |
| | <u>7,665</u> | <u>29,925</u> | <u>-</u> | <u>-</u> |
| Total Expenditures | <u>1,223,632</u> | <u>434,774</u> | <u>1,318,282</u> | <u>3,381,162</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(37,869)</u> | <u>19,128</u> | <u>13,706</u> | <u>(1,430,111)</u> |
| Other Financing Sources (Uses) | | | | |
| Refunding bonds issued | 1,095,000 | 4,275,000 | - | - |
| Bond premium | 22,930 | 87,535 | - | - |
| Loan proceeds | - | - | - | 1,414,500 |
| Other | 785 | 3,140 | - | - |
| Payments to escrow agent | (1,128,763) | (4,386,781) | - | - |
| | <u>(1,128,763)</u> | <u>(4,386,781)</u> | <u>-</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>(10,048)</u> | <u>(21,106)</u> | <u>-</u> | <u>1,414,500</u> |
| Net Change in Fund Balances | <u>(47,917)</u> | <u>(1,978)</u> | <u>13,706</u> | <u>(15,611)</u> |
| Fund Balances, July 1 | <u>113,311</u> | <u>51,406</u> | <u>114,838</u> | <u>25,421</u> |
| Fund Balances, June 30 | <u>\$ 65,394</u> | <u>\$ 49,428</u> | <u>\$ 128,544</u> | <u>\$ 9,810</u> |

| 2005 | Totals | |
|------------------|--------------------|--------------------|
| | 2005 | 2004 |
| \$ 34,975 | \$ 4,896,229 | \$ 4,431,380 |
| 60 | 26,367 | 29,521 |
| - | 11,190 | 8,803 |
| 30 | 5,963 | 4,808 |
| <u>35,065</u> | <u>4,939,749</u> | <u>4,474,512</u> |
| 294 | 18,314 | 9,640 |
| <u>35,359</u> | <u>4,958,063</u> | <u>4,484,152</u> |
| - | 2,250,000 | 1,900,000 |
| - | 3,999,611 | 4,224,172 |
| 241 | 1,491 | 1,250 |
| 5 | 2,074 | 2,066 |
| - | 67,330 | - |
| - | 37,590 | - |
| <u>246</u> | <u>6,358,096</u> | <u>6,127,488</u> |
| <u>35,113</u> | <u>(1,400,033)</u> | <u>(1,643,336)</u> |
| - | 5,370,000 | - |
| - | 110,465 | - |
| - | 1,414,500 | 1,850,000 |
| - | 3,925 | - |
| - | (5,515,544) | - |
| <u>-</u> | <u>1,383,346</u> | <u>1,850,000</u> |
| 35,113 | (16,687) | 206,664 |
| <u>-</u> | <u>304,976</u> | <u>98,312</u> |
| <u>\$ 35,113</u> | <u>\$ 288,289</u> | <u>\$ 304,976</u> |

CAPITAL PROJECTS FUNDS

Building and Site—to account for property tax revenues and interest earnings used to finance building improvements projects.

1997 Construction—to account for bond proceeds used to finance building construction and improvement projects.

2001 Construction—to account for bond proceeds used to finance building construction and improvement projects.

BYRON CENTER PUBLIC SCHOOLS
Building and Site Capital Projects Fund
Comparative Balance Sheet
June 30, 2005 and 2004

| | <u>2005</u> | <u>2004</u> |
|--|--------------------------|--------------------------|
| Assets | | |
| Cash equivalents | \$ 30,136 | \$ - |
| Deposits | 275,000 | - |
| Investments | - | 593,475 |
| Receivable: | | |
| Taxes | 9,153 | 12,893 |
| Accounts | 9,097 | - |
| Due from other funds | <u>-</u> | <u>3,100</u> |
| Total Assets | <u><u>\$ 323,386</u></u> | <u><u>\$ 609,468</u></u> |
| Liabilities and Fund Balances | | |
| Liabilities | | |
| Accounts payable | \$ 334,612 | \$ - |
| Deferred revenue | <u>9,153</u> | <u>12,893</u> |
| Total Liabilities | <u>343,765</u> | <u>12,893</u> |
| Fund Balances | | |
| Reserved for capital outlay | <u>(20,379)</u> | <u>596,575</u> |
| Total Liabilities and Fund Balances | <u><u>\$ 323,386</u></u> | <u><u>\$ 609,468</u></u> |

BYRON CENTER PUBLIC SCHOOLS
Building and Site Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2005 and 2004

| | 2005 | 2004 |
|-------------------------------------|---------------------------|--------------------------|
| Revenues | | |
| Local sources: | | |
| Property taxes: | | |
| Current property taxes | \$ 688,026 | \$ 622,670 |
| Industrial facilities taxes | 3,705 | 4,148 |
| Delinquent property taxes | 1,516 | 1,250 |
| Interest on delinquent taxes | 840 | 678 |
| Total property taxes | <u>694,087</u> | <u>628,746</u> |
| Interest earnings: | | |
| Interest on deposits investments | <u>13,143</u> | <u>4,527</u> |
| Other local sources: | | |
| Refunds of prior years expenditures | 40,026 | 23,323 |
| Miscellaneous | - | 1,785 |
| Total other local sources | <u>40,026</u> | <u>25,108</u> |
| Total Revenues | <u>747,256</u> | <u>658,381</u> |
| Expenditures | | |
| Capital outlay: | | |
| Architect services | 117,344 | 8,038 |
| Land improvements | 996,216 | 75,297 |
| Insurance | 1,082 | - |
| Building additions and improvements | 249,277 | 112,676 |
| Dues and fees | - | 23 |
| Tax refunds | 291 | 294 |
| Total Expenditures | <u>1,364,210</u> | <u>196,328</u> |
| Net Change in Fund Balances | (616,954) | 462,053 |
| Fund Balances, July 1 | <u>596,575</u> | <u>134,522</u> |
| Fund Balances, June 30 | <u><u>\$ (20,379)</u></u> | <u><u>\$ 596,575</u></u> |

BYRON CENTER PUBLIC SCHOOLS
1997 Construction Capital Projects Fund
Comparative Balance Sheet
June 30, 2005 and 2004

| | <u>2005</u> | <u>2004</u> |
|--|-------------|-----------------|
| Assets | | |
| Investments | <u>\$ -</u> | <u>\$ 9,076</u> |
| Liabilities and Fund Balances | | |
| Liabilities | <u>\$ -</u> | <u>\$ -</u> |
| Fund Balances | | |
| Reserved for capital outlay | <u>-</u> | <u>9,076</u> |
| Total Liabilities and Fund Balances | <u>\$ -</u> | <u>\$ 9,076</u> |

BYRON CENTER PUBLIC SCHOOLS
1997 Construction Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2005 and 2004

| | <u>2005</u> | <u>2004</u> |
|--|--------------------|------------------------|
| Revenues | | |
| Local sources: | | |
| Interest earnings: | | |
| Interest on investments | \$ 26 | \$ 954 |
| Expenditures | | |
| Capital outlay: | | |
| Architect services | 9,097 | 105,999 |
| New equipment and furniture | - | 88,498 |
| Total Expenditures | <u>9,097</u> | <u>194,497</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(9,071)</u> | <u>(193,543)</u> |
| Other Financing Sources (Uses) | | |
| Transfers in | - | 6 |
| Transfers out | (5) | - |
| Total Other Financing Sources (Uses) | <u>(5)</u> | <u>6</u> |
| Net Change in Fund Balances | (9,076) | (193,537) |
| Fund Balances, July 1 | <u>9,076</u> | <u>202,613</u> |
| Fund Balances, June 30 | <u><u>\$ -</u></u> | <u><u>\$ 9,076</u></u> |

BYRON CENTER PUBLIC SCHOOLS
2001 Construction Capital Projects Fund
Comparative Balance Sheet
June 30, 2005 and 2004

| | <u>2005</u> | <u>2004</u> |
|--|---------------------|----------------------|
| Assets | | |
| Investments | <u>\$ 5,697,754</u> | <u>\$ 17,518,365</u> |
| Liabilities and Fund Balances | | |
| Liabilities | | |
| Accounts payable | <u>\$ 373,679</u> | <u>\$ 854,046</u> |
| Fund Balances | | |
| Reserved for capital outlay | <u>5,324,075</u> | <u>16,664,319</u> |
| Total Liabilities and Fund Balances | <u>\$ 5,697,754</u> | <u>\$ 17,518,365</u> |

BYRON CENTER PUBLIC SCHOOLS
2001 Construction Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2005 and 2004

| | <u>2005</u> | <u>2004</u> |
|-------------------------------------|----------------------------|-----------------------------|
| Revenues | | |
| Local sources: | | |
| Interest earnings: | | |
| Interest on investments | <u>\$ (64,752)</u> | <u>\$ 321,425</u> |
| Expenditures | | |
| Capital outlay: | | |
| Architect fees | 260,661 | 529,738 |
| Construction manager fees | 266,044 | 453,290 |
| Financial consultant fees | 2,286 | 5,664 |
| Other professional fees | 27,363 | 50,749 |
| Insurance | 3,721 | 7,455 |
| Land improvements | 518,462 | 906,417 |
| Building additions and improvements | 7,384,480 | 13,954,498 |
| New equipment and furniture | 2,810,936 | 1,549,528 |
| Miscellaneous | <u>1,539</u> | <u>8,216</u> |
| Total Expenditures | <u>11,275,492</u> | <u>17,465,555</u> |
| Net Change in Fund Balances | (11,340,244) | (17,144,130) |
| Fund Balances, July 1 | <u>16,664,319</u> | <u>33,808,449</u> |
| Fund Balances, June 30 | <u><u>\$ 5,324,075</u></u> | <u><u>\$ 16,664,319</u></u> |

AGENCY FUND

Student Activities—to account for the collection and disbursements of monies used by the school activity clubs and groups.

BYRON CENTER PUBLIC SCHOOLS
Student Activities Agency Fund
Statement of Changes in Assets and Liabilities
For the year ended June 30, 2005

| | <u>Balances July 1, 2004</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balances June 30, 2005</u> |
|-----------------------|----------------------------------|-------------------|-------------------|-----------------------------------|
| Assets | | | | |
| Cash equivalents | \$ - | \$ 673,197 | \$ 487,607 | \$ 185,590 |
| Deposits | 108 | 1 | - | 109 |
| Investments | 166,985 | - | 166,985 | - |
| Due from other funds | 1,897 | - | 1,897 | - |
| Prepaid expenditures | 2,000 | - | 2,000 | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>\$ 170,990</u> | <u>\$ 673,198</u> | <u>\$ 658,489</u> | <u>\$ 185,699</u> |
| Liabilities | | | | |
| Due to student groups | <u>\$ 170,990</u> | <u>\$ 514,012</u> | <u>\$ 499,303</u> | <u>\$ 185,699</u> |

OTHER INFORMATION

BYRON CENTER PUBLIC SCHOOLS
Summary of 2004 Taxes Levied and Collected
For the year ended June 30, 2005

| | Allegan County | Kent County | | | |
|-------------------------------------|-------------------|------------------|------------------|---------------|-------------------|
| | | Townships of | | City of | |
| | Dorr | Byron | Gaines | Wyoming | Total |
| Taxable Valuations | | | | | |
| Operating | \$ - | \$239,977,467 | \$16,238,415 | \$1,243,280 | \$257,459,162 |
| Debt Service/Building and Site | 85,650 | 606,057,578 | 93,494,935 | 1,243,280 | 700,881,443 |
| Rates (Mills) | | | | | |
| General Fund | | | | | 18.0000 |
| 1995 Debt Service Fund | | | | | 1.6700 |
| 1997 Debt Service Fund | | | | | 0.6400 |
| 1998 Debt Service Fund | | | | | 1.8800 |
| 2001 Debt Service Fund | | | | | 2.7600 |
| 2005 Debt Service Fund | | | | | 0.0500 |
| Building and Site Fund | | | | | 0.9835 |
| | | | | | <u>25.9835</u> |
| Taxes Levied 2004 Rolls | | | | | |
| General Fund | \$ - | \$ 4,265,256 | \$ 292,389 | \$ 22,379 | \$ 4,580,024 |
| 1995 Debt Service Fund | - | 1,012,103 | 156,082 | 2,076 | 1,170,261 |
| 1997 Debt Service Fund | - | 387,872 | 59,816 | 796 | 448,484 |
| 1998 Debt Service Fund | - | 1,139,373 | 175,709 | 2,337 | 1,317,419 |
| 2001 Debt Service Fund | 236 | 1,672,696 | 257,956 | 3,432 | 1,934,320 |
| 2005 Debt Service Fund | - | 30,302 | 4,673 | 62 | 35,037 |
| Building and Site Fund | 84 | 596,050 | 91,920 | 1,223 | 689,277 |
| | <u>320</u> | <u>9,103,652</u> | <u>1,038,545</u> | <u>32,305</u> | <u>10,174,822</u> |
| Taxes Uncollected 2004 Rolls | | | | | |
| General Fund | - | 29,552 | 300 | - | 29,852 |
| 1995 Debt Service Fund | - | 2,741 | 28 | - | 2,769 |
| 1997 Debt Service Fund | - | 1,503 | 11 | - | 1,514 |
| 1998 Debt Service Fund | - | 3,086 | 31 | - | 3,117 |
| 2001 Debt Service Fund | - | 4,531 | 47 | - | 4,578 |
| 2005 Debt Service Fund | - | 82 | 1 | - | 83 |
| Building and Site Fund | - | 1,615 | 16 | - | 1,631 |
| | <u>-</u> | <u>43,110</u> | <u>434</u> | <u>-</u> | <u>43,544</u> |
| Taxes Collected 2004 Rolls | | | | | |
| General Fund | - | 4,235,704 | 292,089 | 22,379 | 4,550,172 |
| 1995 Debt Service Fund | - | 1,009,362 | 156,054 | 2,076 | 1,167,492 |
| 1997 Debt Service Fund | - | 386,369 | 59,805 | 796 | 446,970 |
| 1998 Debt Service Fund | - | 1,136,287 | 175,678 | 2,337 | 1,314,302 |
| 2001 Debt Service Fund | 236 | 1,668,165 | 257,909 | 3,432 | 1,929,742 |
| 2005 Debt Service Fund | - | 30,220 | 4,672 | 62 | 34,954 |
| Building and Site Fund | 84 | 594,435 | 91,904 | 1,223 | 687,646 |
| | <u>320</u> | <u>9,060,542</u> | <u>1,038,111</u> | <u>32,305</u> | <u>10,131,278</u> |
| Delinquent Taxes Collected | | | | | |
| General Fund | - | 31,079 | 12 | - | 31,091 |
| 1995 Debt Service Fund | - | 2,968 | 3 | - | 2,971 |
| 1997 Debt Service Fund | - | 1,650 | 1 | - | 1,651 |
| 1998 Debt Service Fund | - | 3,253 | 3 | - | 3,256 |
| 2001 Debt Service Fund | - | 3,310 | 3 | - | 3,313 |
| Building and Site Fund | - | 1,515 | 1 | - | 1,516 |
| | <u>-</u> | <u>43,775</u> | <u>23</u> | <u>-</u> | <u>43,798</u> |

(Continued)

BYRON CENTER PUBLIC SCHOOLS
Summary of 2004 Taxes Levied and Collected
For the year ended June 30, 2005

| | Allegan County | Kent County | | | |
|--|-------------------|---------------------|---------------------|------------------|----------------------|
| | | Townships of | | City of | |
| | Dorr | Byron | Gaines | Wyoming | Total |
| Total Taxes Collected | | | | | |
| General Fund | \$ - | \$ 4,266,783 | \$ 292,101 | \$ 22,379 | \$ 4,581,263 |
| 1995 Debt Service Fund | - | 1,012,330 | 156,057 | 2,076 | 1,170,463 |
| 1997 Debt Service Fund | - | 388,019 | 59,806 | 796 | 448,621 |
| 1998 Debt Service Fund | - | 1,139,540 | 175,681 | 2,337 | 1,317,558 |
| 2001 Debt Service Fund | 236 | 1,671,475 | 257,912 | 3,432 | 1,933,055 |
| 2005 Debt Service Fund | - | 30,220 | 4,672 | 62 | 34,954 |
| Building and Site Fund | 84 | 595,950 | 91,905 | 1,223 | 689,162 |
| | <u>\$ 320</u> | <u>\$ 9,104,317</u> | <u>\$ 1,038,134</u> | <u>\$ 32,305</u> | <u>\$ 10,175,076</u> |
| Taxes Uncollected – June 30, 2005 | | | | | |
| General Fund: | | | | | |
| 2004 | \$ - | \$ 29,552 | \$ 300 | \$ - | \$ 29,852 |
| 2003 | - | 51,184 | 4,799 | - | 55,983 |
| 2002 | - | 70,724 | 5,768 | - | 76,492 |
| | - | 151,460 | 10,867 | - | 162,327 |
| 1995 Debt Service Fund: | | | | | |
| 2004 | - | 2,741 | 28 | - | 2,769 |
| 2003 | - | 6,188 | 542 | - | 6,730 |
| 2002 | - | 1,587 | 230 | - | 1,817 |
| | - | 10,516 | 800 | - | 11,316 |
| 1997 Debt Service Fund: | | | | | |
| 2004 | - | 1,503 | 11 | - | 1,514 |
| 2003 | - | 2,087 | 213 | - | 2,300 |
| 2002 | - | 2,620 | 224 | - | 2,844 |
| | - | 6,210 | 448 | - | 6,658 |
| 1998 Debt Service Fund: | | | | | |
| 2004 | - | 3,086 | 31 | - | 3,117 |
| 2003 | - | 6,637 | 586 | - | 7,223 |
| 2002 | - | 6,034 | 507 | - | 6,541 |
| | - | 15,757 | 1,124 | - | 16,881 |
| 2001 Debt Service Fund: | | | | | |
| 2004 | - | 4,531 | 47 | - | 4,578 |
| 2003 | - | 5,626 | 521 | - | 6,147 |
| 2002 | - | 17,030 | 1,284 | - | 18,314 |
| | - | 27,187 | 1,852 | - | 29,039 |
| 2005 Debt Service Fund: | | | | | |
| 2004 | - | 82 | 1 | - | 83 |
| Building and Site Fund: | | | | | |
| 2004 | - | 1,615 | 16 | - | 1,631 |
| 2003 | - | 2,925 | 262 | - | 3,187 |
| 2002 | - | 4,017 | 318 | - | 4,335 |
| | - | 8,557 | 596 | - | 9,153 |
| Total Taxes Uncollected | <u>\$ -</u> | <u>\$ 219,769</u> | <u>\$ 15,688</u> | <u>\$ -</u> | <u>\$ 235,457</u> |

BYRON CENTER PUBLIC SCHOOLS
Long-Term Debt
Schedule of Principal and Interest Payments
\$37,690,000 General Obligation Building and Site Bonds (Non-Refunded Portion) Dated May 1, 1995

| Year Ended 30-Jun | Rate % | Principal | Interest | | Total |
|------------------------------|---------------|--------------------|-------------------|------------------|--------------------|
| | | May-1 | November-1 | May-1 | |
| 2006 | 5.300 | \$ - | \$113,850 | \$113,850 | \$227,700 |
| 2007 | 5.400 | - | 113,850 | 113,850 | 227,700 |
| 2008 | 8.250 | 1,380,000 | 113,850 | 113,850 | 1,607,700 |
| 2009 | | 1,380,000 | 56,925 | 56,925 | 1,493,850 |
| | | \$2,760,000 | \$398,475 | \$398,475 | \$3,556,950 |

BYRON CENTER PUBLIC SCHOOLS
Long-Term Debt
Schedule of Principal and Interest Payments
\$5,730,000 General Obligation Building and Site Bonds Dated May 1, 1997

| Year Ended 30-Jun | Rate % | Principal | Interest | | Total |
|------------------------------|---------------|------------------|-------------------|-----------------|------------------|
| | | May-1 | November-1 | May-1 | |
| 2006 | 7.200 | \$200,000 | \$14,100 | \$14,100 | \$228,200 |
| 2007 | 6.900 | 200,000 | 6,900 | 6,900 | 213,800 |
| | | \$400,000 | \$21,000 | \$21,000 | \$442,000 |

BYRON CENTER PUBLIC SCHOOLS
Long-Term Debt
Schedule of Principal and Interest Payments
\$24,895,000 General Obligation Building and Site Bonds Dated May 1, 1998

| Year Ended 30-Jun | Rate % | Principal | Interest | | Total |
|----------------------|--------|---------------------|--------------------|--------------------|---------------------|
| | | May-1 | November-1 | May-1 | |
| 2006 | 5.000 | \$1,470,000 | \$603,871 | \$603,871 | \$2,677,742 |
| 2007 | | 1,470,000 | 567,121 | 567,121 | 2,604,242 |
| 2008 | 4.600 | 110,000 | 530,371 | 530,371 | 1,170,742 |
| 2009 | | 115,000 | 527,841 | 527,841 | 1,170,682 |
| 2010 | 4.700 | 1,555,000 | 525,196 | 525,196 | 2,605,392 |
| 2011 | 4.800 | 1,545,000 | 488,654 | 488,654 | 2,522,308 |
| 2012 | 4.900 | 1,580,000 | 451,574 | 451,574 | 2,483,148 |
| 2013 | 5.100 | 1,570,000 | 412,864 | 412,864 | 2,395,728 |
| 2014 | 5.150 | 1,560,000 | 372,829 | 372,829 | 2,305,658 |
| 2015 | 5.000 | 1,545,000 | 332,659 | 332,659 | 2,210,318 |
| 2016 | | 1,340,000 | 292,875 | 292,875 | 1,925,750 |
| 2017 | | 1,335,000 | 259,375 | 259,375 | 1,853,750 |
| 2018 | | 1,325,000 | 226,000 | 226,000 | 1,777,000 |
| 2019 | | 1,310,000 | 192,875 | 192,875 | 1,695,750 |
| 2020 | | 1,305,000 | 160,125 | 160,125 | 1,625,250 |
| 2021 | | 1,295,000 | 127,500 | 127,500 | 1,550,000 |
| 2022 | | 1,280,000 | 95,125 | 95,125 | 1,470,250 |
| 2023 | | 1,270,000 | 63,125 | 63,125 | 1,396,250 |
| 2024 | | 1,255,000 | 31,375 | 31,375 | 1,317,750 |
| | | \$24,235,000 | \$6,261,355 | \$6,261,355 | \$36,757,710 |

BYRON CENTER PUBLIC SCHOOLS
Long-Term Debt
Schedule of Principal and Interest Payments
\$47,170,000 General Obligation Building and Site Bonds Dated November 1, 2001

| Year Ended 30-Jun | Rate % | Principal | Interest | | Total |
|----------------------|--------|--------------|--------------|--------------|--------------|
| | | May-1 | November-1 | May-1 | |
| 2006 | 4.500 | \$1,075,000 | \$1,141,500 | \$1,141,500 | \$3,358,000 |
| 2007 | | 1,225,000 | 1,117,313 | 1,117,313 | 3,459,626 |
| 2008 | 5.000 | 1,425,000 | 1,089,750 | 1,089,750 | 3,604,500 |
| 2009 | | 1,600,000 | 1,057,688 | 1,057,688 | 3,715,376 |
| 2010 | | 1,700,000 | 1,017,688 | 1,017,688 | 3,735,376 |
| 2011 | | 1,775,000 | 975,188 | 975,188 | 3,725,376 |
| 2012 | 5.500 | 1,775,000 | 930,813 | 930,813 | 3,636,626 |
| 2013 | 5.000 | 1,800,000 | 882,000 | 882,000 | 3,564,000 |
| 2014 | | 1,800,000 | 832,500 | 832,500 | 3,465,000 |
| 2015 | | 1,800,000 | 783,000 | 783,000 | 3,366,000 |
| 2016 | | 1,800,000 | 733,500 | 733,500 | 3,267,000 |
| 2017 | | 1,800,000 | 684,000 | 684,000 | 3,168,000 |
| 2018 | | 1,800,000 | 634,500 | 634,500 | 3,069,000 |
| 2019 | | 1,800,000 | 585,000 | 585,000 | 2,970,000 |
| 2020 | | 1,800,000 | 540,000 | 540,000 | 2,880,000 |
| 2021 | | 1,800,000 | 495,000 | 495,000 | 2,790,000 |
| 2022 | | 1,800,000 | 450,000 | 450,000 | 2,700,000 |
| 2023 | | 1,800,000 | 405,000 | 405,000 | 2,610,000 |
| 2024 | | 1,800,000 | 360,000 | 360,000 | 2,520,000 |
| 2025 | | 1,800,000 | 315,000 | 315,000 | 2,430,000 |
| 2026 | | 1,800,000 | 270,000 | 270,000 | 2,340,000 |
| 2027 | | 1,800,000 | 225,000 | 225,000 | 2,250,000 |
| 2028 | | 1,800,000 | 180,000 | 180,000 | 2,160,000 |
| 2029 | | 1,800,000 | 135,000 | 135,000 | 2,070,000 |
| 2030 | | 1,800,000 | 90,000 | 90,000 | 1,980,000 |
| 2031 | | 1,800,000 | 45,000 | 45,000 | 1,890,000 |
| | | \$44,775,000 | \$15,974,440 | \$15,974,440 | \$76,723,880 |

BYRON CENTER PUBLIC SCHOOLS
Long-Term Debt
Schedule of Principal and Interest Payments
\$5,370,000 General Obligation Building and Site Bonds Dated March 2, 2005

| Year Ended 30-Jun | Rate % | Principal | Interest | | Total |
|------------------------------|---------------|--------------------|--------------------|--------------------|--------------------|
| | | May-1 | November-1 | May-1 | |
| 2006 | 2.500 | \$75,000 | \$134,745 | \$101,481 | \$311,226 |
| 2007 | 2.750 | 110,000 | 100,544 | 100,544 | 311,088 |
| 2008 | 3.000 | 245,000 | 99,031 | 99,031 | 443,062 |
| 2009 | | 265,000 | 95,356 | 95,356 | 455,712 |
| 2010 | 3.250 | 325,000 | 91,381 | 91,381 | 507,762 |
| 2011 | 3.500 | 360,000 | 86,100 | 86,100 | 532,200 |
| 2012 | 4.000 | 360,000 | 79,800 | 79,800 | 519,600 |
| 2013 | | 360,000 | 72,600 | 72,600 | 505,200 |
| 2014 | | 360,000 | 65,400 | 65,400 | 490,800 |
| 2015 | | 360,000 | 58,200 | 58,200 | 476,400 |
| 2016 | | 360,000 | 51,000 | 51,000 | 462,000 |
| 2017 | | 365,000 | 43,800 | 43,800 | 452,600 |
| 2018 | | 365,000 | 36,500 | 36,500 | 438,000 |
| 2019 | | 365,000 | 29,200 | 29,200 | 423,400 |
| 2020 | | 365,000 | 21,900 | 21,900 | 408,800 |
| 2021 | | 365,000 | 14,600 | 14,600 | 394,200 |
| 2022 | | 365,000 | 7,300 | 7,300 | 379,600 |
| | | \$5,370,000 | \$1,087,457 | \$1,054,193 | \$7,511,650 |

Hungerford, Aldrin, Nichols & Carter, P.C.

C P A s A N D C O N S U L T A N T S

August 19, 2005

The Board of Education
Byron Center Public Schools

The following comments pertain to our audit of the financial records of Byron Center Public Schools as of and for the year ended June 30, 2005. The comments are made in accordance with Statement on Auditing Standards No. 61 "Communication With Audit Committees" which requires that in certain audits, certain matters are to be communicated to those who have responsibility for oversight of the financial reporting process. The communications required by this statement, if pertinent to the examination, are as follows:

1. Auditor's Responsibility Under Generally Accepted Auditing Standards.
2. Significant Accounting Policies.
3. Management Judgments and Accounting Estimates.
4. Significant Audit Adjustments.
5. Other Information in Documents Containing Audited Financial Statements.
6. Disagreements With Management.
7. Consultation With Other Accountants.
8. Major Issues Discussed With Management Prior to Retention.
9. Difficulties Encountered in Performing the Audit.
10. Uncorrected Misstatements (Passed Audit Adjustments).

The communications specified by this Statement are incidental to the audit and are not required to occur before, nor do they affect, our auditor's report on the District's financial statements.

The following are the matters to be communicated by SAS No. 61 based on our observations during the course of our audit of the financial statements and our review and evaluation of the internal control system of Byron Center Public Schools:

Auditors Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered Byron Center Public School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Byron Center Public School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Byron Center Public School's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on Byron Center Public School's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Byron Center Public School's compliance with those requirements.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Byron Center Public Schools are described in Note A to the financial statements.

Difficulties Encountered In Performing The Audit

We encountered no significant difficulties in performing the audit of the financial statements of Byron Center Public Schools for the year ended June 30, 2005. We found the internal control structure and accounting system to be basically adequate and operating in the manner intended.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. During the course of our audit the following adjustments of a significant nature were made to the accounting records of the District to bring the balances to those presented in the financial statements:

General Fund

1. \$70,476 to write off 2001 delinquent personal property taxes uncollected at June 30, 2005.
2. \$28,648 to record additional retirement contributions due for the 2004-05 fiscal year.

Proposed Audit Adjustments

There were no material adjustments proposed during the audit not recorded by Byron Center Public Schools.

Suggestions And Recommendations

We offered suggestions and recommendations regarding the day-to-day operations of the accounting system of Byron Center Public Schools to the Business Manager as the topics arose during the course of our audit fieldwork. Hopefully, these suggestions will ease the day-to-day operations of the business office and assist in more efficient monthly and year-end financial record keeping and reporting.

Other Comments

The General Fund balance of the District decreased by \$779,578 to \$4,025,893 at June 30, 2005. This balance represents approximately 15 percent of the District's 2005-06 expenditure budget, down from 18 percent at June 30, 2004. Maintaining a fund balance of at least 20 percent of the ensuing year's expenditure budget is advisable for Byron Center Public Schools. This gives the District more stable operating funds during the year, helps avoid or reduce the necessity of borrowing for short-term cash flow purposes and acts as a buffer against the uncertainty of state aid revenues accruing to the District. In addition, employee benefit costs are expected to increase significantly in the next few years, which will require the use of fund balance reserves considering the expectation of small (or no) growth in state aid revenues.

Our audit this year was again completed under the requirements of Statement on Auditing Standards No. 99 "Consideration of Fraud in a Financial Statement Audit" (SAS No. 99), which requires both auditors and their clients to more directly and openly assess those areas within a school district that might be susceptible to fraudulent activity, which would normally include those areas outside the central office that handle cash, inventory, supplies, etc. This is an important audit standard that requires increased face-to-face discussions/interviews with client personnel and extensive documentation of our findings for future reference. We found that Byron Center Public Schools has a very extensive network of internal

controls within its accounting and record keeping system, and found those tested this year to be operating in the manner intended. Working with District business office personnel, we will be testing other control areas each year as a part of our audit, with suggestions and recommendations to follow the testing each year, to assist the District in maintaining and improving its systems.

This communication is intended solely for the information and use of the Byron Center Public Schools Board of Education, administration and others within the organization. We have furnished a copy of this letter to the Michigan Department of Education as an enclosure with the audit report as required by the State of Michigan.

We appreciate the opportunity to provide financial auditing and advisory services to Byron Center Public Schools and hope to continue to do so in the future. We also appreciate the dedication and cooperation of the District's administration and accounting personnel in performing their functions and in assisting us in completing ours. If there are any questions regarding the audit report, or the attached communications, we will be happy to address them.

Hungerford, Alden, Nichols & Carter, P.C.

Certified Public Accountants